

## COMPANY INFORMATION SHEET

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Company Name (stock code): Vale S.A. (6210 / 6230)

Stock Short Name: VALE COMMON-DRS / VALE PREF-DRS

This information sheet is provided for the purpose of giving information to the public about Vale S.A. (the “**Company**”) as at the date hereof. It does not purport to be a complete summary of the information relevant to the Company and/or its securities.

### Responsibility statement

The chief financial and investor relations officer of the Company hereby accepts full responsibility for the accuracy of the information contained in this information sheet as at the date hereof and confirm, having made all reasonable enquiries, that to the best of his knowledge and belief such information is accurate and complete in all material respects and not misleading or deceptive and that there are no other matters the omission of which would make any such information inaccurate or misleading as at the date hereof. The chief financial and investor relations officer of the Company also undertakes to publish this information sheet reflecting the changes made to the last publication on an annual basis when the Company publishes its annual report on Form 20-F.

### Content

<u>Document Type</u>	<u>Upload date</u>
<b>A. Summary of waivers and exemptions and deviations from the CG Code</b> Latest version .....	28/05/2014
<b>B. Summary of foreign laws and regulations</b> Latest version .....	10/10/2013
<b>C. By-laws</b> Latest version .....	18/05/2015
<b>D. Depositary Agreements</b>	
<b>D1. Common HDSs</b> Latest version .....	29/04/2011
<b>D2. Class A Preferred HDSs</b> Latest version .....	29/04/2011
<b>E. Deeds Poll</b>	
<b>E1. Common HDSs</b> Latest version .....	29/04/2011

**E2. Class A Preferred HDSs**

Latest version .....

29/04/2011

Date of this information sheet: May 18, 2015

## **A. SUMMARY OF WAIVERS AND EXEMPTIONS AND DEVIATIONS FROM THE CG CODE**

We have applied for, and the Stock Exchange and/or the SFC has granted the following material waivers and exemptions. We have also summarised below our deviations from certain code provisions set out in the CG Code in Appendix 14 to the Listing Rules and the reasons therefor. Capitalised terms used but not otherwise defined herein shall have the same meaning ascribed to such terms as set out in the definitions section at the end of this summary.

### **WAIVERS FROM THE REQUIREMENTS OF THE LISTING RULES**

#### **Qualifications for listing**

##### ***Appointment of independent non-executive directors***

Rule 3.10 of the Listing Rules requires a listed company to appoint at least three independent non-executive directors. There is no equivalent concept of non-executive directors under Brazilian law. We are not subject to (or have been exempted from) any requirement to appoint independent directors, whether under Brazilian law or any of the rules and regulations of the stock exchanges on which our Shares or ADRs are listed or traded.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 3.10 of the Listing Rules on condition that we will undertake to procure the Fiscal Council to assume and perform all the duties and obligations required to be performed by independent non-executive directors under the Listing Rules (other than those described below).

The By-laws provide that the Fiscal Council is to be made up of three to five members. Please refer to the section in the Listing Document headed “Share capital —Voting rights” for details of the rights of holders of our Common Shares and Preferred Shares to vote on the election and removal of members of the Fiscal Council. Valepar, our controlling shareholder (as defined in the Listing Rules), has undertaken to the Stock Exchange that it will, insofar as it is able to do so by virtue of its shareholding in our Company from time to time, procure that the Fiscal Council will comprise at least three members who satisfy the independence requirements applicable to independent nonexecutive directors under Rule 3.13 of the Listing Rules and at least one of them will have appropriate professional qualifications or accounting or related financial management expertise as required of independent non-executive directors under Rule 3.10(2) of the Listing Rules.

Rule 3.10A of the Listing Rules provides that an issuer must appoint independent non-executive directors representing at least one-third of the board of directors. Based on (a) the By-laws which provide that the Fiscal Council is to be made up of three to five members; and (b) the undertaking by Valepar that it will procure the Fiscal Council to comprise at least three independent members as described above, the Fiscal Council has at least three members who meet the independence requirements under the Listing Rules and those three members make up at least one-third of the members of the Fiscal Council. On such basis, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 3.10A of the Listing Rules.

We have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 3.13 of the Listing Rules to confirm in each of our annual reports

whether we have received the annual confirmation of independence from each of the independent members of the Fiscal Council and whether we still consider such independent member to be independent on condition that we will provide such confirmation, in the management proposal to be published together with the notice of our annual general meeting, with respect to each of the independent members of the Fiscal Council to be re-elected at such annual general meeting. Valepar has also undertaken to the Stock Exchange that it will, insofar as it is able to do so by virtue of its shareholding in our Company from time to time, procure each independent member of the Fiscal Council to notify our Company as soon as practicable if there is any subsequent change of circumstances which may affect his independence during the term of his appointment as a member of the Fiscal Council. Our Company will inform the Stock Exchange accordingly as soon as practicable if it receives any such notification.

### ***Audit committee***

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 3.21 of the Listing Rules to establish an audit committee comprising non-executive directors only, with the majority of its members being independent non-executive directors and at least one of whom having appropriate professional qualifications or accounting or related financial management experience, on the basis that we will undertake to procure the Fiscal Council to perform the role of the audit committee under the Listing Rules. Valepar has undertaken to the Stock Exchange that it will, insofar as it is able to do so by virtue of its shareholding in our Company from time to time, procure that the Fiscal Council will be chaired by a member who satisfies the independence requirements under Rule 3.13 of the Listing Rules.

In performing the role of the audit committee, however, the Fiscal Council will not approve the remuneration or terms of engagement of the external auditor, or any questions of its resignation or dismissal as suggested in paragraph C.3.3(a) of Appendix 14, but will only make recommendations to the Board of Directors with respect to those matters, since it does not have the authority under Brazilian law to approve any of those matters. As an alternative, our Company has undertaken to the Stock Exchange to procure the Fiscal Council to review and evaluate the performance of our Company's external auditors on an annual basis and make a recommendation to the Board of Directors on whether our Company should remove its existing external auditors and appoint new external auditors. If the Board of Directors disagrees with the Fiscal Council's view on the selection, appointment, resignation or dismissal of the external auditors, we will include (a) the relevant opinion from the Fiscal Council; and (b) the reason(s) the Board of Directors has taken a different view, in the overseas regulatory announcement that we will issue in Hong Kong when we publish our annual report on Form 20-F filed with SEC.

### ***Remuneration committee***

Rules 3.25, 3.26 and 3.27 of the Listing Rules set out the requirements with respect to the establishment and composition of a remuneration committee. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of those rules on condition that (a) we will procure our executive development committee (being one of the existing committees established by the Board) to perform the role of the remuneration committee under the Listing Rules (subject to the exceptions described below); and (b) if we fail at any time to maintain the executive development committee, we will comply with Rule 3.27 (i) to inform the Stock Exchange and publish an announcement containing the relevant details and reasons; and (ii) to set up another

committee which either satisfies the requirements of a remuneration committee under the Listing Rules or an executive development committee (as permitted under the Corporations Act) within three months after failing to do so.

The current members of our executive development committee are all Directors. We will not reconstitute the executive development committee such that a majority of its members would meet the requirements for independence under Rule 3.13 of the Listing Rules as required under Rule 3.25 of the Listing Rules, as (a) there is a requirement under the Corporations Act that at each annual general meeting, the total amount of remuneration payable to our Directors, members of the Board of Executive Officers and the technical and advisory committees, and the total amount of remuneration payable to members of the Fiscal Council for the period up to the next annual general meeting have to be approved by our Shareholders; (b) details of the proposed allocation of the total remuneration among our Board of Directors, the Board of Executive Officers and the technical and advisory committees, and among the members of the Fiscal Council are required to be disclosed to our Shareholders prior to the annual general meeting at which the total remuneration is to be approved; (c) our Shareholders will be able to know from the mandatory disclosure in the Annual Disclosure Document and our annual report on Form 20-F of the aggregate remuneration paid to each of the Board of Directors, the Board of Executive Officers, the technical and advisory committees and the Fiscal Council in the preceding financial year whether the actual allocation determined by our Board of Directors has deviated from the proposed allocation previously disclosed; (d) our Board of Directors will exercise its discretion to determine how the total amount of remuneration approved by our Shareholders is to be divided and allocated among each of our Directors, the Executive Officers, members of the technical and advisory committees and members of the Fiscal Council in accordance with the Corporations Act and the remuneration policy and practices disclosed by our Company in the Annual Disclosure Document.

In performing the role of the remuneration committee, our executive development committee will, instead of approving the matters suggested to be approved by the remuneration committee in Appendix 14 (which include (i) remuneration packages of all Directors and senior management; (ii) management's remuneration proposals; (iii) compensation payable to the Directors and senior management for any loss or termination of their office, and (iv) compensation arrangements relating to dismissal or removal of the Directors for misconduct), make recommendations to our Board of Directors on those matters, and will only make recommendations in respect of the remuneration of the Executive Officers and other key employees (including the senior management) of our Company but not the remuneration of the Directors or members of the Fiscal Council as suggested in paragraph B.1.2 of Appendix 14. The duties of our executive development committee will also not be extended to include the function to ensure that no Director or any of his associates is involved in deciding his own remuneration. The reasons for the deviations are (a) the Corporations Act does not require any of the foregoing matters to be subject to the approval of our Shareholders, the Fiscal Council or any technical or advisory committee including our executive development committee. They are required to be approved by the Board of Directors only; and (b) pursuant to the By-laws, our executive development committee does not make recommendation on the remuneration of the Directors or members of the Fiscal Council.

### ***Dealing in Shares prior to listing***

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities for which listing is sought by any connected person of the issuer from four clear business days before the expected hearing date until listing is granted.

Our Common Shares and Class A Preferred Shares are currently listed on BM&FBOVESPA, NYSE (in the form of ADRs) and NYSE Euronext Paris (also in the form of ADRs). They are also traded on LATIBEX, which is a non-regulated electronic market created by the Madrid Stock Exchange for trading in the equity securities of companies in Latin America.

As at the Latest Practicable Date, so far as we are aware, Valepar was the only substantial shareholder of our Company within the meaning of the Listing Rules. Given that our Shares and ADRs are already publicly traded on BM&FBOVESPA, NYSE, NYSE Euronext Paris and LATIBEX, we are not in a position to control dealings in our Shares or ADRs by any other person (whether or not an existing Shareholder) or its associates who may, as a result of such dealing, become a substantial shareholder of our Company within the meaning of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules in respect of any dealing by any Shareholder (other than Valepar and the existing Directors and Executive Officers and their respective associates) from four clear business days before the date on which the hearing of the Listing Committee with respect to our Company's application for the secondary listing of the HDRs on the Stock Exchange is expected to take place until listing is granted, on condition that (a) we will promptly release any price-sensitive information to the public in accordance with all applicable laws, rules and regulations; (b) we will procure that none of Valepar, the Directors or Executive Officers or their respective associates will deal in our Shares or ADRs from four clear business days before such expected hearing date until listing is granted; and (c) we will notify the Stock Exchange if there is any dealing in the Shares or ADRs by Valepar, the Directors or Executive Officers or any of their respective associates during the relevant period.

## **Content requirements for listing document**

### ***Accountants' report***

#### *Accounting standards and disclosure of specific financial information*

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 4.04(1), 4.05, 4.08, 4.09(1) and 4.10 of Chapter 4 of the Listing Rules to prepare an accountants' report in accordance with the Auditing Guideline — Prospectuses and the reporting accountant (Statement 3.340) and to disclose all the specified details concerning the financial information in the accountants' report, on the basis that we include our audited consolidated financial statements for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 prepared in accordance with US GAAP in the Listing Document pursuant to Rule 19.39 of the Listing Rules. Our consolidated financial statements for the years ended 31 December 2007, 2008 and 2009 were audited by PricewaterhouseCoopers Auditores Independientes in accordance with the standards of the Public Company Accounting Oversight Board (United States) and our consolidated financial statements for the six months ended 30 June 2010 were audited by PricewaterhouseCoopers Auditores Independientes in accordance with International Standards on Auditing and the comparative condensed consolidated financial information of our Group for the six months ended 30 June 2009 was reviewed by PricewaterhouseCoopers Auditores Independientes in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Certain information which is required to be included in an accountants' report under Chapter 4 of the Listing Rules is not included in the audited financial statements of our Company set out in Appendix I to the Listing Document pursuant to the waiver. Such information includes:

- (a) company-only balance sheet and related note disclosures;
- (b) detailed list of current accounts with directors at year/ period end and the maximum amount outstanding during the year/ period;
- (c) analysis of directors' remuneration waived, if any, for each of the relevant years/ periods;
- (d) details of senior management (including directors') emoluments;
- (e) analysis of the five highest paid individuals' emoluments;
- (f) analysis of land held under freehold and leasehold, and lease terms for leasehold land;
- (g) analysis of investments in subsidiaries at cost;
- (h) analysis of the market values of investment in listed subsidiaries;
- (i) analysis of equity or debt securities, and the place where the relevant securities are traded;
- (j) detailed information of investments including the name of securities, place of incorporation, principal activities, particulars of issued shares held and interest held if the carrying amounts on an investment exceed 10% of the Group's total assets;
- (k) credit terms of the accounts receivable and payables; and
- (l) ageing analysis of year/period end accounts receivable and other receivables and accounts payables.

We have made the following alternative disclosures in the Listing Document with respect to the material items identified above which are relevant to the Group to provide additional information to investors:

- (i) disclosure of both the fixed and variable remuneration of each of the Board of Directors, the Board of Executive Officers and the Fiscal Council in Appendix VII to the Listing Document;
- (ii) disclosure of the land use rights with respect to the land occupied by members of the Group on which the Material Reserves are located in the section of the Listing Document headed "Business—Mining concessions and other related rights";
- (iii) disclosure of the information on both our equity and debt securities, including their place of trading (where applicable), in the sections of the Listing Document headed "Information about this Listing Document and the Introduction" and "Financial information";

- (iv) disclosure of the names of our Company's affiliated companies and joint ventures entities, our Company's interests in those entities and their principal business operations in Appendix I to the Listing Document; and
- (v) disclosure of the credit policy and credit quality of the Group in the section of the Listing Document headed "Financial information" ..

#### *Reporting accountants*

We have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 4.03 of the Listing Rules for the accountants' reports to be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company and who are independent both of our Company and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers Auditores Independentes, who audited our consolidated financial statements for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 prepared in accordance with US GAAP, has been appointed by us as the sole reporting accountant in connection with the Introduction in order to avoid the unnecessary costs and delay in engaging other certified public accountants who are qualified under the Professional Accountants Ordinance as auditors to conduct an extensive review of our audited financial statements for the years ended 31 December 2007, 2008 and 2009. PricewaterhouseCoopers Auditores Independentes is an internationally recognised accounting firm and registered with the Public Company Accounting Oversight Board — PCAOB (USA). It has extensive experience in securities offerings on BM&FBOVESPA and NYSE. It is independent both of our Company and of any other company concerned as required under the independence rules of the Public Company Accounting Oversight Board established by the Sarbanes-Oxley Act. We have requested PricewaterhouseCoopers Hong Kong to assist PricewaterhouseCoopers Auditores Independentes in performing its duties as reporting accountant for the Introduction. PricewaterhouseCoopers Hong Kong has been advising and will continue to advise PricewaterhouseCoopers Auditores Independentes regarding the accounting-related requirements.

#### ***Property valuation report***

As of 30 September 2010, we owned more than 8,500 parcels of land and buildings. Most of the land is in remote areas where our mineral resources and production facilities are located, and the buildings and facilities constructed thereon are mainly purpose-built industrial facilities used for our Group's mining and exploration operations. The remainder of the land and buildings owned by us are mainly used in connection with our ports and railway operations. We do not have any leased land or buildings which are material to our business operations. The properties which are owned by us and are considered to be material to our operations are primarily parcels of land with respect to which the mining concessions for the Material Reserves (see below) have been granted to, and are owned by, us. We do not consider that the mining concessions with respect to those properties should be included in the valuation if those properties were to be valued in compliance with Chapter 5 of the Listing Rules. We do not consider that any of the properties held by any member of the Group under operating lease has any commercial value given that none of those properties may be freely disposed of or transferred. We believe that due to the specialised nature of the land and buildings, most of them will not have any significant commercial value or be subject to any significant fluctuation in their market value, and their



net book value as stated in our unaudited consolidated financial statements for the nine months ended 30 September 2010 already provides a sufficient indication of their value.

On such basis and given that (a) our core business is not investment in properties; and (b) the net book value of the land and buildings owned by our Group accounted for only approximately 3.9% of our total assets as reflected in our unaudited consolidated financial statements for the nine months ended 30 September 2010, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 5.01 and Paragraph 3(a) of Practice Note 16 of the Listing Rules in respect of the requirement to prepare valuation of all our interests in land and buildings on the ground that it would be unduly burdensome for us in terms of both time and costs.

Considering that the net book value of the land and buildings owned by the Group accounted for only approximately 3.9% of our total assets as at 30 September 2010 and our Company's view that these proprietary interests (owned or leased properties) would not have any significant commercial value, the Sponsor is also of the view that it would be unduly burdensome for our Company to comply with the requirements under Rule 5.01 and Paragraph 3(a) of Practice Note 16 of the Listing Rules.

***Disclosure for mining companies in the listing document***

*Reports of competent persons on mineral reserves*

As of 30 June 2010, we owned and operated more than 60 mining sites and projects in different locations worldwide. Approximately 44% of those mining sites and projects were iron ore mines, while others included manganese, nickel and by-products, bauxite, copper, potash, phosphate rock and coal. Given the significant number of mining sites and projects involved and the number of countries in which they are located, as well as the wide range of mineral products produced, it would be unduly burdensome for us to engage one or more competent persons to prepare a report on the reserves of each of the mining sites and projects owned by us.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 18.05(1) of the Listing Rules to prepare a competent person's report in respect of the reserves of each of the mining sites and projects owned by us, on the basis that we will engage competent persons to prepare reports on the Material Reserves.

We have identified the following as the Material Reserves:

<b><u>Mineral</u></b>	<b><u>Location</u></b>	<b><u>Mines/complexes</u></b>
Iron ore.....	Brazil Southeastern System	Itabira complex Minas Centrais complex Mariana complex Corumbá complex
	Southern System	Minas Itabiritos complex Vargem Grande complex
	Northern System	Paraopeba complex Serra Norte complex Serra Sul Serra Leste

Nickel.....	Samarco Canada	Sudbury Thompson Voisey's Bay
	Indonesia New Caledonia	Sulawesi Vale New Caledonia (Goro)
Copper.....	Brazil Brazil	Onça Puma Sossego
Coal .....	Mozambique	Salobo Moatize

The Material Reserves have been identified on the following bases:

- (a) we have identified iron ore, nickel, copper and coal as the four minerals which are material to our current business operations and/or our future development;
- (b) iron ore, nickel, copper and coal have been selected based on (i) their historical revenue contribution over the Track Record Period; (ii) their historical production volume over the Track Record Period; and/or (iii) their potential contribution to future revenue generated from the development of organic growth projects;
- (c) the Material Reserves selected by us include all of the iron ore, nickel and copper reserves owned by us; and
- (d) for coal, we have selected the Moatize reserves in Mozambique, which accounted for approximately 88% of our proven and probable reserves in coal as at the end of 2009.

*Disclosure of full text of Competent Persons' reports*

Given the significant number of mining sites and projects involved even when confined to the Material Reserves and the significant volume of the Material Reserves, the full text of each of the Competent Person's reports is of significant length. Inclusion of the full text of each of the Competent Person's reports in the Listing Document would make the document unduly long and cumbersome. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 18.05(1) of the Listing Rules to reproduce the full text of all the Competent Person's reports on the Material Reserves in the Listing Document on condition that we will (a) include the executive summary of each of those reports in the Listing Document; (b) publish the full text of all those reports on the Stock Exchange's website and our own website; (c) include in the Listing Document a reference to the Stock Exchange's website and our own website at which those reports may be found; (d) confirm in the Listing Document that all material information about the estimates of the Material Reserves has been disclosed in the executive summaries of those reports in the Listing Document; and (e) put the full text of all of the Competent Persons' reports on display and make them available for inspection together with all other documents required to be made available for inspection in accordance with paragraph 76 of Part E of Appendix 1 to the Listing Rules.

### *Disclosure of cash operating costs*

Rule 18.06 of the Listing Rules provides that an estimate of the operating cash cost per appropriate unit for the minerals produced must be disclosed in the listing document. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 18.06 on the basis that as we are a mature mining company and have begun production for most of our mineral reserves for a period of time, we consider the disclosure of the information on the production volume of the minerals we produced during the Track Record Period in the Listing Document, and the historical costs of ores and metals sold during such period in our audited financial statements already provides sufficient information to the investors to provide them with an understanding of the operating costs of our production.

### *Reporting standard*

The Competent Person's reports on the Material Reserves, other than those on our iron ore reserves, have been prepared in accordance with both Industry Guide 7 and one of the reporting standards prescribed by the Stock Exchange under Rule 18.29 of the Listing Rules. The Competent Person's reports on our iron ore reserves comprised in the Material Reserves have been prepared in accordance with Industry Guide 7 only.

Set out below is a summary of the main differences between the requirements under Industry Guide 7 and those of NI 43-101 (being one of the reporting standards prescribed by the Stock Exchange under Rule 18.29 of the Listing Rules):

	<b>NI 43-101</b>	<b>Industry Guide 7</b>
Study requirements .....	need preliminary feasibility study that shows mineral reserves are the economically mineable part of a measured or indicated mineral resource	not specified, but it is generally understood that SEC requires a “final” or “bankable” feasibility study showing that mineral reserves can be economically extracted
Permit requirements.....	reasonable expectation that government approvals will be provided	all necessary permits are in hand or will be issued imminently
Commodity pricing .....	no method provided for, but the accepted practice is to use the issuer’s forward-looking prices	not specified, but SEC guidelines require reserve estimates to be based on average commodity price prevailing during the preceding three-year period
Disclosure of mineral resources.....	can disclose “measured”, “indicated” and “inferred” mineral resources which have reasonable prospects of economic extraction but have not yet been demonstrated to be economically mineable	cannot disclose mineral resources except required to do so by foreign or state law or in the context of an acquisition, in which event it must be called “mineralised material”
Qualified person.....	disclosure must be based on a technical report or other information prepared by or under the supervision of a “qualified person”—which is basically an engineer or geoscientist with at least 5 years’ experience in the mineral industry and who is a member of an approved institution with an enforceable code of ethics	disclosure must be accompanied by the name of persons making the estimates and disclosure of their relationships to the company whose reserves are being reported on but does not contain a competent or qualified person requirement

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 18.29 of the Listing Rules to report on the estimates of our iron ore reserves comprised in the Material Reserves in accordance with one of the reporting standards specified in that rule.

### *Reporting on mineral and petroleum resources*

We have various mineral resources and a small quantity of petroleum resources. We do not consider that our mineral and petroleum resources are material to our current operations, in the light of our extensive portfolio of mineral reserves.

Industry Guide 7 prohibits disclosure of any estimates other than proven or probable reserves, unless such information is required to be disclosed by foreign or state law or has been provided to a non-affiliate that is offering to acquire the securities of the reporting company.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 18.29 to prepare Competent Person's report on any of our mineral or petroleum resources for inclusion in the Listing Document on the basis that we do not consider that our mineral and petroleum resources are material to our revenue generating capacity in the near future and hence, the non-disclosure of estimates of those resources would not constitute an omission of material information with respect to our operations.

### ***Other content requirements***

We have applied for, and the Stock Exchange has granted, waivers from strict compliance with paragraph 33(3), 41(1) and 45(1) and (2) of Appendix 1E to the Listing Rules to disclose the following information in the Listing Document:

- (a) information in respect of the five individuals whose emoluments were the highest in our Group for the year, on the basis that we disclose the aggregate remuneration of the Board of Executive Officers (which comprised the five highest paid individuals) for each of the three years ended 31 December 2007, 2008 and 2009 in the Listing Document;
- (b) certain details of our Directors, Executive Officers and members of the Fiscal Council, including (i) current and past directorships in other listed public companies in the last three years held by every Director, proposed Director, Executive Officer, proposed Executive Officer, member of the Fiscal Council or proposed member of the Fiscal Council; and (ii) details of each Director or proposed Director which are required to be disclosed in an announcement relating to his appointment pursuant to Rule 13.51(2)(c)(i), (e) (as to relationship with any Director, Executive Officer and member of the Fiscal Council only), (f), (g), (h) to (x) of the Listing Rules;
- (c) the interests and short positions of each Director and Executive Officer in the Shares, underlying Shares and debentures of our Company or any associated company, and the interests and short positions of any Shareholder (other than a Director or Executive Officer) in the Shares and underlying Shares which would fall to be disclosed to our Company under Divisions 2 and 3 of Part XV of the SFO, on the basis that we disclose (i) the aggregate interests of all the Directors, Executive Officers and members of the Fiscal Council and their respective Relevant Persons in the Securities of our Company (see definitions of Relevant Persons and Securities in Appendix V to the Listing Document) and in any of our Controlling Shareholders and subsidiaries; and (ii) the interests and short positions held by any Shareholder, other than the Directors, Executive Officers or members of the Fiscal Council, who holds 5% or more in the Securities of our Company, which are required to be disclosed by our Company pursuant to the CVM Rules.

We have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under paragraph 76(2) in Appendix 1E to the Listing Rules to make available for inspection the material contracts entered into by any member of our Group within the two years immediately preceding the issue of the Listing Document which were not entered into in connection with the Introduction and which are disclosed in Appendix VIII to the Listing Document, on condition that the public announcements which had previously been issued by us in relation to those material contracts in accordance with the regulatory requirements of CVM, BM&FBOVESPA, SEC and NYSE are made available for inspection.

## **Post-listing compliance requirements**

### ***Corporate communications***

Rule 2.07A of the Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that either the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and certain conditions are satisfied. Rule 2.07B provides that a listed issuer may, where it has made adequate arrangements to ascertain whether or not a holder of its securities wishes to receive the English version or the Chinese version of any corporate communication only, send the English version or the Chinese version only to the holder concerned. Any listed issuer availing itself of Rule 2.07A and 2.07B must afford holders of its securities the right at any time to change their choice as to whether they wish to receive corporate communications in printed form or using electronic means, or to receive the English version only, the Chinese version only or both the English and Chinese versions, as the case may be.

We do not currently produce or send out any corporate communications to our Shareholders (including financial statements, annual or quarterly reports and notice of shareholders' meetings) in printed form. In accordance with the Corporations Act and the regulatory requirements of CVM, BM&FBOVESPA and SEC, we are currently obliged to file all corporate communications to our Shareholders with CVM, SEC and BM&FBOVESPA as well as disclose them on the websites of CVM, BM&FBOVESPA and SEC. We also publish all corporate communications to our Shareholders on our own website.

As at 30 September 2010, we had more than 480,000 registered Shareholders with registered addresses in over 33 countries worldwide. Given our extensive shareholder base and the number of countries in which our Shareholders are located, it would not be practicable for us to send printed copies of corporate communications to all of our Shareholders. It would also not be practicable for us to approach our existing Shareholders individually to seek the confirmation of their intention to receive corporate communications in electronic form, or to provide them with the right to request for corporate communications in printed form instead.

With effect from the listing of the HDRs on the Stock Exchange, we will issue all future corporate communications on our own website in Portuguese, English and Chinese and on the Stock Exchange's website in English and Chinese. Those corporate communications will also be published on the websites of CVM, BM&FBOVESPA and SEC.

We currently provide our Shareholders with the option to request for electronic copies of our annual and quarterly reports as well as all the press releases and notices of Material Facts (please see definition in Appendix V to the Listing Document) to be sent to them by e-mail as soon as practicable after such reports, press releases or notices have been published. We will provide holders of our HDRs with the same option, pursuant to which any holder of our HDRs may request for electronic copies of our annual and quarterly reports, press releases and notices of Material Fact in English or Chinese to be sent to him by e-mail at an e-mail address to be provided by him to us as soon as practicable after such reports, press releases or notices have been published.

We will also publish a notice on the front page of our website whenever new corporate communications are issued notifying our Shareholders and ADR and HDR Holders.

On the basis of the above, we have applied for, and the Stock Exchange has granted, waivers from strict compliance with the requirements under Rule 2.07A and 2.07B.

***Disclosure of the names of directors in listing document, circular and announcement and directors' responsibility statement***

Rule 2.14 provides that any listing document, circular or announcement issued by a listed issuer pursuant to the Listing Rules must disclose the name of each director as at the date of the relevant listing document, circular or announcement.

Under the CVM Rules, the investor relations officer of our Company has the primary responsibility of disclosing and notifying CVM and BM&FBOVESPA (and any other stock exchange on which our shares are listed) of any Material Fact that has occurred in relation to our Company or our business. The investor relations officer has the obligation to ensure the timely and complete disclosure of such Material Fact to the market and is primarily responsible for any non-compliance. The investor relations officer is also required to take responsibility for the accuracy of the content of any announcement or circular issued by us and only his name will be stated in such announcement or circular.

Under the CVM Rules, however, the primary responsibility of the investor relations officer of our Company for the issue and accuracy of the content of any announcement or circular to be issued by us does not absolve our Directors or Executive Officers from any such responsibility towards CVM. CVM Rules require, among others, Directors who acquire knowledge of a Material Fact to inform the investor relations officer, who must then proceed to disclose immediately the information to the market. If any Director becomes aware of a Material Fact which has not been immediately, adequately, correctly or completely disclosed to the market by the investor relations officer, he must request the investor relations officer to make immediate, adequate, correct or complete disclosure. If the investor relations officer fails to do so, the Director must inform CVM promptly. Any Director or the investor relations officer who is found to be in breach of the above requirements may face sanctions imposed by CVM which may vary from formal warnings, fines, a ban for up to 20 years on any activity in the securities market and disqualification from acting as managers of listed companies. Shareholders and investors who have suffered losses directly as a result of a breach by the investor relations officer or any Director of his disclosure obligations may also file a complaint with CVM or bring a civil action against such Director or the investor relations officer.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the following requirements:

- (a) the requirement under Rule 2.14 of the Listing Rules to disclose the names of the Directors in any announcement or circular to be issued by us pursuant to the Listing Rules. We will comply with the requirement to disclose the names of our Directors in any listing document to be issued by us pursuant to the Listing Rules; and
- (b) the requirement to include a responsibility statement to be given by the Directors in any announcement or circular which we are required to issue under the Listing Rules (as modified by the waivers granted to us by the Stock Exchange), including the responsibility statement in any announcement made pursuant to Note 2 of Rule 13.10 of the Listing Rules confirming that our Company is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of our listed securities on condition that our Company will include the responsibility statement to be given by the chief financial and investor relations officer of our Company in all announcements to be issued by it pursuant to Note 2 of Rule 13.10 of the Listing Rules.

### ***Methods of listing***

Chapter 7 of the Listing Rules sets out the methods by which equity securities may be brought to listing, and the requirements applicable to each method. We have applied for, and the Stock Exchange has granted, waivers from strict compliance with certain of the requirements under Chapter 7.

#### *Offer for subscription and offer for sale*

Listed companies in Brazil may offer new shares for subscription or their shareholders may offer existing shares for sale to the public by way of a public offering. Any issue of new shares offered for subscription by us must be made either pursuant to the general authorisation granted to the Board of Directors to issue new shares under the By-laws or a specific approval by our Shareholders.

In the event that an offer for subscription of new shares is being made by us to the public in Hong Kong or an offer for sale of existing shares is being made by our controlling shareholder (as defined in the Listing Rules) to the public in Hong Kong, we will comply with the requirements of Rule 7.03, 7.04, 7.05, 7.07 and 7.08 of the Listing Rules, which require, among others, a listing document to be issued.

In the event that an offer for subscription or an offer for sale is being made in any jurisdiction otherwise than to the public in Hong Kong, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 7.03, 7.04, 7.05, 7.07 and 7.08 of the Listing Rules.

To ensure that HDR Holders are kept informed of the details of any public offering (whether an offer for subscription or offer for sale) that we may undertake outside Hong Kong from time to time, we will publish any announcement or document required to be issued in connection with any such public offering under applicable Brazilian rules or regulations on the Stock Exchange's website by way of an overseas regulatory announcement at the same time as, or if not practicable due to time difference, as soon as practicable after, such announcement or document has been published on the website of CVM and/or BM&FBOVESPA.



### *Placing*

An offer for subscription or sale of shares by a listed company under Brazilian law will either be a public offering (that is, where the offer is marketed to an uncertain number of investors, irrespective of the types of investors, by way of the publication of a prospectus) or a private offering (that is, where the offer is extended only to its existing shareholders, who may transfer their subscription rights to third parties, on a pro rata basis and shares not taken up will be allotted to other existing shareholders who have expressed an intention to subscribe for the untaken shares or sold by the company in the market).

We will comply with the requirements of Rule 7.10 and 7.12 of the Listing Rules in the event that we conduct any offering (which falls within the meaning of a placing under Rule 7.09) of securities of a class new to listing on the Stock Exchange. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 7.10 and 7.12 where we conduct any placing of securities of a class new to listing on any other stock exchange.

### *Rights issue*

Listed companies in Brazil may offer new shares for subscription to their existing shareholders on a pro rata basis pursuant to their statutory pre-emptive rights by way of a private offering (being similar to a rights issue in Hong Kong).

If, at anytime after the listing of the Depositary Receipts on the Stock Exchange, we undertake a private offering and the offer is being extended to the HDR Holders in a manner that would require us to comply with the requirements under the Companies Ordinance in relation to an offer to the public (including those in relation to prospectuses), we will comply with the relevant requirements under the Companies Ordinance and the requirement of Rule 7.22 of the Listing Rules with regard to the issue of a listing document. Otherwise, we have applied for, and the Stock Exchange has granted, a waiver from the requirement under Rule 7.22.

We have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 7.19 to 7.21 of the Listing Rules in the event we undertake a private offering, on the basis that:

- (a) any issue of new Shares by our Company pursuant to a private offering must be approved by its Shareholders, whether specifically or through a general authorization by way of amendment to the By-laws. The Corporations Act does not, however, require any shareholder to abstain from voting in the resolution approving the new issue unless under the specific circumstances set forth in the Corporations Act (see Appendix V to the Listing Document);
- (b) we are not required under Brazilian law to issue a prospectus in the event of a private offering;
- (c) Brazilian law does not require a private offering to be underwritten by a financial institution or other third party or additional disclosure similar to those required under Rule 7.19(3), (4) and (5) to be made where a private offering is not fully underwritten; and

- (d) there is no equivalent of renounceable provisional letters of allotment or other negotiable instrument issued in connection with a private offering and allocation of rights shares to shareholders and trading of rights not taken up by shareholders are conducted electronically through the central clearing system and the broker's accounts.

To ensure that HDR Holders are kept informed of the details of any private offering that we may undertake from time to time, we will publish any announcement or document required to be issued in connection with any such private offering under applicable Brazilian rules or regulations on the Stock Exchange's website by way of an overseas regulatory announcement at the same time as, or if not practicable due to time difference, as soon as practicable after, such announcement or document has been published on the website of CVM and/or BM&FBOVESPA. We will also ensure that details of the entitlements of the HDR Holders with respect to such private offering and the manner in which their entitlements may be accepted or disposed of will be disclosed in accordance with Brazilian law and set out in any such announcement or document.

#### *Capitalisation issue and exchange issue*

Under the Listing Rules, a capitalisation issue is defined as an allotment of further securities by a listed company to its existing shareholders, credited as fully paid up out of its reserves or profits, in proportion to the existing holdings of its shareholders, or otherwise not involving any monetary payments, and an exchange issue is defined as an exchange or a substitution of securities for or a conversion of securities into other classes of securities.

In Brazil, a company whose shares do not have any par value (as in the case of our Company) may undertake a capitalisation issue by capitalising its reserves or profits, thereby increasing the amount of paid-up capital represented by each share in issue but not, however, increasing the number of shares in issue. It will involve an amendment of the by-laws of the company and hence, will require approval by the shareholders. The company is required to publish a management proposal disclosing the reasons for the capital increase and setting out the proposed amendments at the same time as the publication of the notice convening the shareholders' meeting at which such amendments are to be approved.

Under Brazilian law, an exchange issue by a company is required to be approved by its shareholders since it will involve an amendment of its by-laws and may also involve a change in the rights attached to the existing class of shares. The company is required to publish a management proposal setting out the proposed amendments at the same time as the publication of the notice convening the shareholders' meeting at which such amendments are to be approved.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 7.28 and 7.29 (with respect to capitalisation issue) and Rule 7.32 and 7.33 (with respect to exchange issue) of the Listing Rules. On such basis, if we undertake a capitalisation of our reserves or profits or an exchange issue, we will comply with applicable legal and regulatory requirements in Brazil where we maintain our primary listing.

To ensure that HDR Holders are kept informed of the details of any capitalisation of reserves or profits or exchange issue that we may undertake from time to time, we will publish any announcement or document required to be issued in relation to such capitalisation or exchange issue (as the case may be) under applicable Brazilian rules or regulations on the Stock Exchange's website by way of an overseas regulatory announcement at the same time as, or if not practicable due to time difference, as

soon as practicable after, such announcement or document has been published on the website of CVM and/or BM&FBOVESPA. We will also ensure that disclosure will be made in accordance with Brazilian law in any such announcement or document (a) in the case of a capitalisation of our reserves or profits, on the amount of the increased share capital upon completion of the capitalisation; and (b) in the case of an exchange issue, on the details of the entitlements of the HDR Holders with respect to such exchange issue and the effect on the existing rights on the securities.

### ***Share repurchase and treasury shares***

#### *Dealing restrictions*

Under Rule 10.06(2) of the Listing Rules, a listed issuer is subject to certain dealing restrictions in connection with the repurchase of any of its shares on the Stock Exchange. Rule 19.43(1) of the Listing Rules provides that the Stock Exchange will be prepared to waive some or all of the applicable dealing restrictions set out in Rule 10.06(2) if an overseas issuer's primary exchange already imposed equivalent dealing restrictions on the overseas issuer in respect of shares on the Stock Exchange.

We are currently subject to equivalent or similar dealing restrictions on share repurchases under the CVM Rules as those set out in Rule 10.06(2) of the Listing Rules:

- (a) under Article 2 of CVM Rule 10/80, we are prohibited from purchasing our own shares at a price that exceeds their market value;
- (b) all transactions under a stock buy-back programme must be effected on a stock exchange, unless CVM grants a special authorisation. As a general rule, repurchases of shares are made in cash;
- (c) under Article 2 of CVM Rule 10/80, we are prohibited from purchasing our own shares from the Controlling Shareholders. Although there is no equivalent provision in Brazil which prohibits repurchases knowingly from directors and chief executives and other related parties, given that all transactions under a stock buy-back programme must be effected on a stock exchange unless CVM grants a special authorisation. It is practically very difficult for us to knowingly repurchase our shares from any particular person, including any connected person as defined in Chapter 14A of the Listing Rules; and
- (d) under the CVM Rules, no repurchases of shares by us may be made when (i) disclosure of price-sensitive information is pending; and (ii) 15 days before the publication of our annual and quarterly financial statements.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 10.06(2) with respect to any repurchase by us of our HDRs on the Stock Exchange, our Shares on BM&FBOVESPA or our ADRs on NYSE or NYSE Euronext Paris, on condition that we will comply with Rule 10.06(2)(d) and procure any broker appointed by us to effect any repurchase of HDRs on the Stock Exchange to disclose to the Stock Exchange such information with respect to the repurchase made on behalf of our Company as the Stock Exchange may request.

### *Publication of details of share repurchase*

Rule 10.06(4)(a) requires a listed issuer to submit to the Stock Exchange for publication the total number of shares purchased by the listed issuer and certain other information, not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the listed issuer makes a purchase of its shares.

We are not required under any of the rules and regulations of CVM or BM&FBOVESPA or those of SEC, NYSE or AMF to disclose any repurchase of shares immediately after such repurchase occurs. However, we are required by the CVM Rules to publish on the websites of CVM and BM&FBOVESPA, as well as any stock exchange on which our securities are traded (if required by such stock exchange) the resolution of our Board of Directors or Shareholders approving a stock buy-back programme and its terms, and a general authorisation to the Executive Officers to cancel or maintain in treasury the repurchased shares, immediately after the passing of such resolution.

The CVM Rules also require us to include in our annual and quarterly financial statements (a) the number of shares repurchased (set out by type and class) during the year or relevant quarterly period (as the case may be); and (b) the highest, the lowest and the weighted average price paid for such repurchases, both of which are information required to be disclosed under Rule 10.06(4)(a). We are also required to disclose the net profit on all sales of treasury shares, the market value of our shares (set out by type and class) based on the last trading day of the previous financial year or quarterly period (as the case may be), any adjustments accrued on the price of shares held in treasury due to inflation, and the purpose for making such repurchase. SEC imposes a similar requirement for annual disclosure of share repurchases in the Form 20-F (including the number of shares purchased per month and the average price paid per share per month).

The only information which we are not currently required to disclose under the CVM Rules but is required under Rule 10.06(4)(a) is the confirmation that the repurchase was made in accordance with the rules of the stock exchange on which such repurchase was made, and to address this, we will include such confirmation in the overseas regulatory announcement that we will issue in Hong Kong when we publish our quarterly financial statements.

Our Company will, if it repurchases any of its Shares, ADRs or HDRs and such repurchase is sufficiently material so as to constitute price sensitive information, comply with Rule 13.09(1) of the Listing Rules and promptly publish an announcement disclosing relevant details of the repurchase.

On the basis of the above, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement in Rule 10.06(4)(a) for publication of details of any share repurchase on the business day following the day on which such repurchase is made. We will continue to disclose details of share repurchases in our annual and quarterly financial statements in accordance with the CVM Rules.

### *Cancellation of shares upon repurchase*

Rule 10.06(5) of the Listing Rules provides that the listing of all shares which are purchased by an issuer (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon purchase and the listed issuer must apply for listing of any further issues of that type of shares in the normal way. The listed issuer must also ensure that the documents of title of purchased shares are automatically cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

Rule 19.43(2) provides that the Stock Exchange will be prepared to waive the requirement to cancel and destroy the documents of title of purchased shares in the case of an overseas issuer whose primary exchange permits treasury stock, provided that the overseas issuer must apply for the re-listing of any such shares which are reissued as if it were a new issue of those shares. Rule 19B.21 further provides that if depositary receipts are purchased by the listed issuer, it shall surrender the purchased depositary receipts to the depositary. The depositary shall then cancel the surrendered depositary receipts and shall arrange for the shares represented by the surrendered depositary receipts to be transferred to the issuer and such shares shall be cancelled by the issuer.

Treasury stock is permitted under the Corporations Act and the CVM Rules in Brazil and the rules and regulations issued by SEC and NYSE in the United States. Hence, Shares or ADRs purchased by us may be held by us as treasury stock. Our treasury stock (which includes shares held by our subsidiaries and affiliates) may not exceed 10% of the free float of each type or class of Shares. Since the listing approval granted by BM&FBOVESPA to us was by reference to the entire class of our Common Shares and Class A Preferred Shares (including Shares held in the form of treasury stock) and not just limited to the Common Shares or Class A Preferred Shares in issue, if we decide to offer any treasury stock, it would not be necessary to apply to BM&FBOVESPA for the re-listing of such treasury stock. Further, our Shares are in book-entry form registered in the name of each Shareholder or its nominee and no document of title exists.

In the event we repurchase any HDRs listed on the Stock Exchange, we will comply with Rule 19B.21 of the Listing Rules to surrender the repurchased HDRs to the HDR Depositary, who will cancel the surrendered HDRs and arrange for the underlying shares represented by the surrendered HDRs to be transferred to us. However, we will not cancel the Shares represented by any surrendered HDRs as treasury stock is permitted under the Corporations Act and the CVM Rules in Brazil.

On the basis of the above, we have applied for, and the Stock Exchange has granted, waivers from strict compliance with the requirements under Rule 10.06(5) and 19B.21 of the Listing Rules for us to (a) cancel the listing; (b) apply for the re-listing of any further issue; and (c) cancel and destroy the documents of title of any Shares purchased by us on BM&FBOVESPA or any Shares represented by ADRs purchased by us on NYSE or any Shares represented by HDRs purchased by us on the Stock Exchange, on condition that our Company:

- (a) has a secondary listing on the Stock Exchange and maintains the primary listing of our Shares on BM&FBOVESPA and the listing of our ADRs on NYSE;
- (b) complies with the rules and regulations of CVM, BM&FBOVESPA, SEC and NYSE relating to treasury stock and will inform the Stock Exchange as soon as reasonably practicable in the event of any failure to comply or any waiver having been granted to our Company;
- (c) will inform the Stock Exchange as soon as reasonably practicable in the event of any change to the Brazilian or US regulatory regime on treasury stock;
- (d) will confirm compliance with the conditions set out in (a) to (c) above in the overseas regulatory announcement that we will issue in Hong Kong when we publish our annual report on Form 20-F and the management proposal to be issued by us together with the notice of any general meeting at which any stock buy-back programme is to be approved; and

- (e) will comply with any applicable requirements in the event of any change to the Hong Kong regulatory regime or the Listing Rules on treasury stock (subject to any waiver which may be sought by our Company and granted by the Stock Exchange or other relevant regulatory authorities).

As part of this waiver application, we have agreed with the Stock Exchange a list of modifications to a number of provisions under the Listing Rules which are necessary to enable our Company to hold our current and future treasury shares. Those modifications also reflect various consequential matters to deal with the fact that our Company may hold treasury shares in the future. For the full list of those modifications, please refer to Appendix IV to the Listing Document. We will provide an annual submission to the Stock Exchange regarding any further modifications to the Listing Rules which are necessary as a result of any changes in the Listing Rules or other applicable laws and regulations. Any further modifications to the Listing Rules will have to be agreed with the Stock Exchange in advance.

### ***Further issue of securities***

Rule 10.08 of the Listing Rules provides that no further shares or securities convertible into equity securities of a listed issuer may be issued or form the subject of any agreement to such an issue within six months from the date on which securities of the listed issuer first commence dealing on the Stock Exchange.

Our Common Shares and Class A Preferred Shares are already listed on BM&FBOVESPA and (in the form of ADRs representing ADSs) NYSE and NYSE Euronext Paris and hence, the listing on the Stock Exchange is not an initial but a further listing. Apart from the statutory pre-emptive rights conferred under the Corporations Act and the By-laws, we are currently not subject to any restriction which prevents us from issuing new shares. The listing of our HDRs on the Stock Exchange will be by way of introduction and will not involve any fund raising and hence, there is no concern of new investors being subject to the risk of dilution within a relatively short time after the listing. On such basis, we consider that it would be unduly onerous to restrict our ability to raise funds through the issuance of new shares on terms set out in Rule 10.08.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issue of securities within six months from the Listing Date under Rule 10.08 of the Listing Rules, and a consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by our controlling shareholder(s) upon issue of securities by our Company within the first six months from the Listing Date, on condition that Valepar will remain as the controlling shareholder (as defined in the Listing Rules) of our Company within the first twelve months following the Introduction.

### ***Notifiable transactions***

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements applicable to notifiable transactions in Chapter 14 of the Listing Rules. We will continue to comply with the continuing obligations with respect to Material Facts and Major Acquisitions under the rules and regulations issued by CVM and SEC which include:

- (a) if the transaction constitutes a “Major Acquisition” within the meaning of the Corporations Act (please see Appendix V to the Listing Document), we will comply with

the requirements under the Corporations Act of obtaining Shareholders' approval prior to completion of the acquisition or seeking Shareholders' ratification after completion of the acquisition as well as any requirement to issue an announcement at the time when the acquisition is entered into; and

- (b) otherwise, if the transaction constitutes a Material Fact, we will announce the transaction in accordance with the requirements of the CVM Rules and SEC rules at the time when the transaction is entered into, and the announcement will be published on the Stock Exchange's website at the same time as, or if not practicable due to the restrictions in Rule 2.07C(4)(a) of the Listing Rules or the closure of the electronic document submission system of the Stock Exchange outside operational hours, as soon as practicable after, such notice is published on the websites of CVM, BM&FBOVESPA and/or SEC.

For more information about the compliance obligations under the Corporations Act, the CVM Rules and/or SEC rules in respect of Major Acquisitions and Material Facts, please refer to Appendix V to the Listing Documents.

### ***Connected transactions***

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements applicable to connected transactions in Chapter 14A of the Listing Rules. We will continue to comply with the continuing obligations with respect to related party transactions under the rules and regulations issued by CVM and SEC. On such basis, we will:

- (a) if any related party transaction constitutes a Material Fact, publish a notice of Material Fact immediately after such transaction has been entered into;
- (b) include in our Annual Disclosure Document, the outstanding balances and summaries of all related party transactions that we have entered into during the three years preceding the date of the Annual Disclosure Document and/or that are effective in the year to which the Annual Disclosure Document relates;
- (c) include in our quarterly report, the outstanding balances and summaries of all related party transactions that we have entered into during that quarter; and
- (d) include in our annual report on Form 20-F specific disclosure about the outstanding balances of all related party transactions for the period since the beginning of our last full fiscal year up to the latest practicable date before the filing of the Form 20-F.

### ***Options, warrants and similar rights***

Chapter 15 of the Listing Rules sets out certain criteria to be satisfied by a listed issuer before the Stock Exchange will grant approval for the issue or grant of options, warrants or similar rights to subscribe or purchase equity securities by the listed issuer or any of its subsidiaries and to the issue of warrants which are attached to other securities by the listed issuer or any of its subsidiaries, as well as the minimum content to be included in the circular or the notice to be sent to the shareholders when convening a general meeting to approve the issue or grant of such options, warrants or rights. Practice Note 4 of the Listing Rules sets out certain additional requirements for the issue of new warrants to

existing warrant holders by a listed issuer or the alteration of the exercise period or the exercise price of existing warrants.

Under the Corporations Act, there are similar concepts as those under Chapter 15 of the Listing Rules which require (a) all warrants to be either approved by shareholders or, where there has been prior authorisation granted by the shareholders, by the board of directors; and (b) the issue of warrants to be subject to a limit in terms of the number of shares that may be issued upon the exercise of those warrants.

The main differences are under the laws and regulations of Brazil, there is no maximum percentage limit on the shares that may be issued upon exercise of the warrants in issue or a time limit on the expiry of the warrants as in Chapter 15 of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Chapter 15 and Practice Note 4 of the Listing Rules in relation to the issue or grant of options, warrants or similar rights to subscribe or purchase equity securities of our Company or any of our subsidiaries.

### ***Share option scheme***

According to Rule 19.42 of the Listing Rules, the Stock Exchange may be prepared to vary the requirements applicable to schemes involving the issue of or grant of options over shares or other securities by a listed issuer to, or for the benefit of, executives and/or employees set out in Chapter 17 of the Listing Rules for an overseas company if its primary listing is on another stock exchange where different (or no such) requirements apply.

As our Company's primary listing is on BM&FBOVESPA, our Company is required to comply with the provisions under the CVM Rules in respect of stock option plans. As at the Latest Practicable Date, none of our Company or any of its subsidiaries has adopted any share option scheme that falls within the meaning of Chapter 17 of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements in Chapter 17 of the Listing Rules with respect to any share option scheme to be adopted by us or any of our subsidiaries, on condition that for so long as our HDRs are listed on the Stock Exchange, we will ensure that if and when our Company adopts a stock option plan, no stock option will be granted by us (a) after a Material Fact has arisen until a notice of Material Fact has been published; or (b) during the period of 30 days immediately preceding the publication of our quarterly financial statements and annual financial statements.

### ***Continuing obligations for mining companies***

We have applied for, and the Stock Exchange has granted, waivers from strict compliance with the following continuing obligations under Chapter 18 of the Listing Rules:

- (a) the requirement under Rule 18.16 for a mineral company to include an update of its resources and/or reserves in its annual report in accordance with a recognised standard acceptable to the Stock Exchange under which they were previously disclosed, on the basis that (i) we currently prepare estimates of all of our proven and probable mineral reserves in accordance with Industry Guide 7 issued by the SEC and disclose such



estimates annually in the Form 20-F which we file with the SEC and we do not disclose estimates of our resources; (ii) given the size and geographical spread of our mineral reserves, it would be unduly burdensome if we were to comply with the relevant requirements under Chapter 18 in addition to the regulatory requirements which we are currently subject to;

- (b) the requirement under Rule 18.30(4) for a mineral company to ensure that for commodity prices used in pre-feasibility studies, feasibility studies and valuations of indicated resources, measured resources and reserves, the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly, and if a contract for future prices of mineral reserves exists, the contract price is used, on the basis that (i) we have been using price assumptions equal to or less than the average prices for the immediately preceding three years of each mineral for the purposes of determining estimates of our mineral reserves in any year. Such price assumptions have been accepted by the SEC and are disclosed in our annual reports on Form 20-F; and (ii) we consider that the price assumptions based on historical prices are conservative, whereas future prices could be volatile and speculative;
- (c) the requirement under Rule 18.32 for a mineral company to disclose information on petroleum resources under either the Petroleum Resources Management System published by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and Society of Petroleum Evaluation Engineers in March 2007 (as amended from time to time) (**PRMS**) or other codes acceptable to the Stock Exchange. We do not have any petroleum reserves and only a limited amount of petroleum resources. We will, if we have any petroleum reserves in the future, report on those reserves in accordance with both Industry Guide 2 issued by the SEC and PRMS. We will not, however, disclose any petroleum resources on the basis that Industry Guide 2 prohibits disclosure of any petroleum resources unless such information is required to be disclosed by foreign or state law or has been provided to a non-affiliate that is offering to acquire the securities of the reporting company.

#### ***Content requirements of articles of association or equivalent document***

Appendix 3 to the Listing Rules provides that the articles of association or equivalent document of a listing applicant must conform to the provisions contained therein (the **Appendix 3 Requirements**). The By-laws do not conform to certain of the Appendix 3 Requirements and we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the Appendix 3 Requirements set forth below:

#### ***As regards transfer and registration***

Appendix 3 Requirement 1(1) states that transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is or are charged, such fee or fees shall not exceed the maximum fees prescribed by the Stock Exchange from time to time in the Listing Rules.

In accordance with the Corporations Act, all transfers of legal ownership in the shares of our Company must be registered in the register of transfers of our Company maintained by Banco Bradesco.

As the requirement for registration of transfer of the legal ownership in the shares of our Company is imposed by law, it is not necessary for such a requirement to be incorporated into the Bylaws.

There is no prescribed fee payable on registration of transfer of shares in our Company either under the Corporations Act or the By-Laws. Although the Corporations Act does not prohibit a company from charging a fee on registration of transfer of its shares, our Company currently does not charge any fee for registration of any such transfer.

Appendix 3 Requirement 1(2) states that fully-paid shares shall be free from any restriction on the right of transfer (except when permitted by the Stock Exchange) and shall also be free from all lien.

Although there is no equivalent provision in the By-Laws, there is a similar requirement to Appendix 3 Requirement 1(2) for publicly traded shares under the Corporations Act, which provides that shares admitted to public trading on BM&FBOVESPA are required to be free from all liens, and while any shareholder may encumber his shares, any encumbered shares may not be traded on BM&FBOVESPA or any other regulated markets in Brazil.

#### *As regards definitive certificates*

Appendix 3 Requirement 2(1) states that all certificates for capital shall be under seal, which shall only be affixed with the authority of the directors.

All shares of our Company are in scripless and book-entry form which do not require share certificates to be issued. The book entry system is not compatible with the issuance of share certificates. Shareholders may, however, request a formal statement from the share custodian of our Company or by BM&FBOVESPA's clearing house (if the shares are in its custody), to state the number, type and class of shares held by such shareholder. Hence, Appendix 3 Requirement 2(1) is not applicable to our Company.

#### *As regards dividends*

Appendix 3 Requirement 3(1) states that any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Under Brazilian law, the subscription price for shares of our Company may be paid by instalments, in accordance with the shareholders' or board resolution that approved such issuance. Brazilian law, however, requires dividends to be paid to persons appearing as shareholders in the company's register of members on the date of approval of the profit distribution, whether or not their shares have been fully paid-up. Shares that have been subscribed but not fully paid-up give their holders the same right to receive dividends as holders of shares which have been fully paid-up. It would, therefore, be inconsistent with Brazilian law for our Company to adopt the requirement of Appendix 3 Requirement 3(1).

Appendix 3 Requirement 3(2) states that where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend. Under the Corporations Act and the By-Laws, unclaimed dividends will be forfeited three years after the date on which such dividends were declared. The maximum period to forfeit unclaimed dividends may be extended only by the shareholders at a general shareholders' meeting convened for the purposes of approving an extension of the maximum period to forfeit particular sum(s) of unclaimed dividends.

Hence, it would be inconsistent with Brazilian law for our Company to adopt Appendix 3 Requirement 3(2) in the By-laws.

*As regards directors*

Appendix 3 Requirement 4(1) states that subject to such exceptions as may be specified in the articles of association (or equivalent document) as the Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

Under the Corporations Act, our Directors and Executive Officers are required to refrain from taking part (or by any means intervening) in any resolution or action relating to any matter in which they have any conflicting interest in relation to our Company. Although there is no equivalent provision in the By-Laws, there is a similar restriction to Appendix 3 Requirement 4(1) under the Corporations Act.

Appendix 3 Requirement 4(3) states that where not otherwise provided by law, the listed issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office.

Holders of the Common Shares (but not holders of the Preferred Shares) have the right to appoint and remove Directors generally, but the Corporations Act provides non-controlling holders of Preferred Shares and Common Shares of a specified percentage shareholding as well as employees, each as a group, the right to appoint and remove one Director. Please refer to the section headed "Management" in Appendix V to the Listing Document for a more detailed description of the rights of our Shareholders, non-controlling holders of the Common Shares and the Preferred Shares and our employees to appoint and remove Directors under the Corporations Act and the By-Laws. Pursuant to the Corporations Act and our By-Laws, only the group of Shareholders that has the right to appoint Directors has the right to remove the Directors appointed by them in general Shareholders' meetings. Hence, a general power to remove any Director by ordinary resolution will not be consistent with the requirements of Brazilian law given the share capital structure of our Company.

Appendix 3 Requirement 4(4) states that the minimum length of the period, during which notice to the listed issuer of the intention to propose a person for election as a director and during which notice to the listed issuer by such person of his willingness to be elected maybe given, shall be at least 7 days. Appendix 3 Requirement 4(5) states that the period for lodgment of the notices referred to in subparagraph 4(4) shall commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

The Corporations Act does not require any minimum length of notice to be given to our Company regarding the nomination of Directors. It would, therefore, be inconsistent with Brazilian law for our Company to adopt the requirement in Appendix 3 Requirement 4(4) in the By-laws.

*As regards accounts*

Appendix 3 Requirement 5 states that a copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days

before the date of the general meeting, be delivered or sent by post to the registered address of every member.

We are currently not required under the Corporations Act or the rules or regulations of CVM, BM&FBOVESPA, SEC, NYSE or other stock exchanges on which our Shares or ADRs are listed and/or traded to deliver printed copies of our financial statements, annual reports or quarterly reports to our Shareholders, whether by post or otherwise. Pursuant to the CVM Rules, we publish our annual financial statements (together with the management report, the auditors' report and the opinion of the Fiscal Council) prepared in accordance with Brazilian GAAP on the websites of CVM and BM&FBOVESPA at least one month before the annual general meeting, which is earlier than the deadline by which annual accounts are required to be published under Appendix 3 to the Listing Rules. We also publish the annual financial statements prepared in accordance with US GAAP at the same time.

*As regards rights*

Appendix 3 Requirement 6(2) states that the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class.

Under the Corporations Act, any variation of the rights attached to the preferred shares of a company would require approval of shareholders holding more than 50% of the voting share capital. Such change would necessarily involve an amendment to the company's by-laws. A general meeting at which a variation in the rights attached to the preferred shares and a consequential amendment to the by-laws is to be approved, requires the attendance of shareholders holding at least two-thirds of the total voting shares on first call. If the necessary quorum is not present, the meeting will not be convened and may be reconvened within at least eight days' prior notice. On second call, the shareholders' meeting may be regularly convened with the presence of any number of shareholders. A preferred shares class meeting is only required for variation of a class right if such variation is detrimental to the interests of the holders of such class of preferred shares. As the quorum requirement for a company whose shares are publicly traded is prescribed by the Corporations Act, the adoption of Appendix 3 Requirement 6(2) would be inconsistent with such requirement.

*As regards redeemable shares*

Appendix 3 Requirement 8 states that where the listed issuer has the power to purchase for redemption any redeemable share: (1) purchases not made through the market or by tender shall be limited to a maximum price; and (2) if purchases are by tender, tenders shall be available to all shareholders alike.

We do not currently have any outstanding redeemable shares. In the event that we issue redeemable shares, the Corporations Act requires that the basis and formula for determining the repurchase or redemption price to be stated in the By-Laws or in the minutes of the shareholders' meeting approving the issue of such shares. This requirement under the Corporations Act effectively ensures that Appendix 3 Requirement 8(1) will be met.

In the event that we issue redeemable shares with power to purchase for redemption, the Corporations Act allows us to determine whether we will redeem shares from all Shareholders of a given type or class of shares or from only a portion of Shareholders, and if we decide to redeem shares from

only a portion of such Shareholders, the selection will be made by means of a raffle. It would be inconsistent with Brazilian law for us to adopt Appendix 3 Requirement 8(2).

*As regards non-voting or restricted voting shares*

Appendix 3 Requirement 10(2) states that where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.

Under the Corporations Act, a Brazilian publicly traded corporation may not issue different classes of unrestricted voting shares. It may however, issue different classes of preferred, restricted or non-voting shares. The rights of all such preferred shares must be clearly and specifically stated in the company’s by-laws, but there is no requirement for each class of shares to include the words “restricted voting” or “limited voting”.

Neither the Corporations Act nor the By-Laws contain any requirement similar to Appendix 3 Requirement 10(2). While the Corporations Act does not specifically prohibit the description of shares as “restricted voting” or “limited voting” in the By-laws, it is not, as far as we are aware, a practice commonly adopted by Brazilian companies. We consider that the current designation of our Shares already provides a sufficiently clear distinction.

*As regards proxies*

Appendix 3 Requirement 11(2) states that a corporation may execute a form of proxy under the hand of a duly authorised officer.

The Corporations Act provides that where a shareholder of a company is a corporation, the duly authorised officer(s) of the corporation shall have the power to execute any document appointing a proxy to act on behalf of the shareholder. Although there is no equivalent provision in the By-Laws, the Corporations Act does contain a requirement similar to Appendix 3 Requirement 11(2).

*As regards disclosure of interests*

Appendix 3 Requirement 12 states that no powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.

There is no requirement under the Corporations Act or the By-laws for a Shareholder to disclose his interests in our Shares to us. Hence, there is no provision under Brazilian law or the By-laws relating to the power to freeze or otherwise impair any of the rights attaching to any Share by reason only that any person who is interested directly or indirectly in our Shares has failed to disclose his interest to us.

The CVM Rules, however, require Shareholders having 5% or more interests in any Securities of our Company to disclose their interests. Under the By-laws, failure by any Shareholder to disclose his interests pursuant to the CVM Rules would, however, not result in any suspension or restriction of the rights of such Shareholder.

### *As regards voting*

Appendix 3 Requirement 14 states that where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted from voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

A shareholder of our Company is required under the Corporations Act to abstain from voting only under certain specific circumstances set forth in the Corporations Act (see Appendix V to the Listing Document). If a Shareholder is proved to be in conflict of interest with our Company under any other circumstance with respect to a resolution, and the resolution would not have been approved but for the affirmative vote of such Shareholder, Brazilian courts have the authority to annul such resolution upon being challenged by any interested party. CVM also has the authority to review any transaction entered into between shareholders and a listed company to determine whether such transaction has been entered into in breach of the conflict of interests provisions which prevent voting by any interested shareholder (and to impose sanctions on any wrongdoer(s)).

### ***Model Code for Securities Transactions by Directors***

The Model Code for Securities Transactions by Directors in Appendix 10 to the Listing Rules sets out certain provisions which a director of a listed issuer must comply with when dealing in its securities, and certain disclosure obligations on the listed issuer.

Our Board of Directors has approved and adopted a Securities Trading Policy (the **Securities Trading Policy**) and any violation of the policy would constitute a violation of our Code of Ethics, which would result in the imposition of penalties. Our current Securities Trading Policy applies to all dealings in the securities of our Company (including in the form of ADRs or, upon completion of the Introduction, HDRs) by “Affected Persons”, which is defined to include all Directors, all members of the Fiscal Council, all members of our Company’s advisory committees, all the Executive Officers, departmental officers, general managers, managers, supervisors and other employees of our Company who are privy to privileged information as a result of their position or function in our Company or its controlled companies, as well as the representatives of the shareholders of Valepar and the directors of Valepar.

### *Interpretation of Appendix 10*

We have applied for, and the Stock Exchange has granted, a waiver from adopting the definition of “dealing” as set out in paragraph 7(a) of Appendix 10, on the basis that we will continue to follow the definition of “trading” in the CVM Rules, which is defined to mean an acquisition, disposal or transfer of any of the securities of a company.

### *Rule A3(a)(i) of Appendix 10*

Rule A3(a)(i) of Appendix 10 provides that a director must not deal in any securities of the listed issuer on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results.

Under our current Securities Trading Policy, the black-out period during which Affected Persons must not trade in the securities of our Company is 15 days prior to the disclosure or publication of the

quarterly or annual financial statements of our Company and 2 days after such disclosure or publication. We will, after the listing of our HDRs in Hong Kong, extend such black-out period from 15 to 30 days prior to the disclosure or publication of the quarterly or annual financial statements of our Company and 2 days after such disclosure or publication, such that we will comply with the requirement under Rule A3(a)(ii) of Appendix 10 in respect of the black-out period before the publication of our quarterly results.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement to extend the black-out period applicable to the publication of our annual financial statements under our current Securities Trading Policy to 60 days.

*Rule A6 of Appendix 10*

Rule A6 of Appendix 10 provides that the restrictions on dealings by a director contained therein will be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of Part XV of the SFO, he is or is to be treated as interested, and it is the duty of the director, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

Under our Securities Trading Policy, the trading restrictions apply in all cases where any Affected Person (including any Director of our Company) engages in trading for his direct and/or indirect benefit through, for example:

- (a) companies in which he has direct or indirect control;
- (b) parties with whom he enters into a management agreement, trust agreement or asset management agreement;
- (c) his attorneys-in-fact or agents; or
- (d) his spouse from whom he is not legally separated, unmarried partner and dependants,

but the restrictions do not apply to trading carried out through investment funds in which the Affected Person is a shareholder, provided that: (1) the investment funds are open, non-exclusive funds; and (2) the trading decisions of the investment fund manager are not influenced by the fund's shareholders.

Although the trading restrictions under our Securities Trading Policy do not extend to dealings other than those by a Director's spouse or by or on behalf of any minor child (natural or adopted) in which, for the purposes of Part XV of the SFO, a Director is or is to be treated as interested, we consider that the policy already provides sufficient safeguard against the use of unpublished price sensitive information by any Director in securities trading conducted indirectly through any person or entity whose trading decisions he may be able to influence.

In addition, the SFC has granted the partial exemption to our Company from the requirements under Part XV of the SFO for our Shareholders, Directors and Executive Officers to notify their interests in our securities and for our Company to prepare registers and maintain records, other than Divisions 5, 11 and 12. Based on the partial exemption granted by the SFC, our Directors do not have to be concerned, for disclosure purposes, about the interests in our Company's securities held by any person or entity in which they are deemed to be interested under Part XV of the SFO.

On such basis, our Directors should not be required to seek to avoid any dealing by any such person or entity, as required by Rule A6 of Appendix 10. We have therefore applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule A6 of Appendix 10 with respect to any dealings (other than any dealings by the Director's spouse or by or on behalf of any minor child (natural or adopted)) in which for the purposes of Part XV of the SFO, a Director is or is to be treated as interested, except (a) any dealings by a corporation which it or its directors are accustomed or obliged to act in accordance with the directions or instructions of such Director; and (b) any dealings by a person or entity of which such Director may be able to influence his or its trading decisions.

#### *Rule B of Appendix 10*

Rule B of Appendix 10 sets out the notification procedures which a director of a listed issuer must comply with before dealing in any securities of the listed issuer. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule B of Appendix 10.

Currently, our Directors, Executive Officers and members of the Fiscal Council are not required to give prior notice to our Company (or seek prior consent) of any dealing in securities of our Company. However, pursuant to the Securities Trading Policy, when there is unpublished price sensitive information, the investor relations officer will notify all Directors, Executive Officers and members of the senior management by e-mail that they are prohibited from dealing in our Company's securities pending the release of such price sensitive information.

In addition, Directors, Executive Officers and members of the Fiscal Council are required to notify our Company within five days after undertaking any trading in our Securities (see definition in Appendix V to the Listing Document). They are also required to disclose to our Company, on a monthly basis, the interests and short positions in any Securities of our Company held by them and their respective Relevant Persons. Interests and short positions in derivatives and other securities the underlying assets of which comprise Securities of our Company are also required to be disclosed.

On the basis of the arrangements described above, and taking into account that our Directors, Executive Officers and members of the Fiscal Council are subject to insider trading restrictions under Brazilian and U.S. law and will be subject to similar restrictions under Hong Kong law upon listing of the HDRs on the Stock Exchange, we consider that there is a similar level of shareholders' protection notwithstanding that there is no requirement for a Director, Executive Officer or member of the Fiscal Council to notify our Company prior to any dealing in our Securities.

#### *Rule D15 of Appendix 10*

Rule D15(a) of Appendix 10 requires a listed issuer to disclose in its interim and annual reports whether it has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with such requirement on the basis that we will, instead of disclosing in our interim and annual reports, disclose in the overseas regulatory announcement to be published on the Stock Exchange's website when we publish the annual report on Form 20-F and the second quarter report that we have adopted the Securities Trading Policy on terms no less exacting than the required standard set out in Appendix 10 as modified by the waivers granted to us by the Stock Exchange.



Rule D15(b) and (c) of Appendix 10 further require a listed issuer to disclose in its interim and annual reports whether, having made specific enquiry of all directors, the directors have complied with the required standard set out in Appendix 10 and its code of conduct regarding securities transactions by directors, and in the event of any non-compliance with the required standard set out in Appendix 10, details of such non-compliance and an explanation of the remedial steps taken to address such non-compliance.

Each Director, Executive Officer and member of the Fiscal Council is required to disclose to our Company on a monthly basis, among other things, the interests and short positions in the Securities of our Company held by him and his Relevant Persons by way of the filing of an individual form to our Company. Our Company is required to forward the individual forms to CVM on a confidential basis.

If CVM becomes aware of any change in the interests and short positions in the Securities of our Company held by any Director, Executive Officer or member of the Fiscal Council which has occurred during any black-out period, it has the power to initiate investigation into the matter and to impose sanctions on any wrongdoer. CVM may request information from our Company, the Director, Executive Officer or member of the Fiscal Council involved or any third party concerned on a confidential basis. Our Company is not required to disclose to the market that any such investigation is being conducted unless CVM requests it to do so.

To avoid prejudicing any possible investigation carried out by CVM of any violation of the dealing restrictions during a black-out period by any Director, Executive Officer or member of the Fiscal Council, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements to make the disclosure as required under Rule D15(b) and (c) of Appendix 10.

***Content requirements of annual reports, interim reports, preliminary announcements of full-year results and preliminary announcements of interim results***

Appendix 16 to the Listing Rules sets out the minimum financial information that a listed issuer shall include in, among others, its annual reports, interim reports, preliminary announcements of full-year results and preliminary announcements of interim results. Rule 19.44 of the Listing Rules provides that the Stock Exchange will be prepared to agree to such modification to Appendix 16 as it considers appropriate in a particular case in the context of a secondary listing.

We are currently required to publish, among others, (a) our annual financial statements prepared in accordance with US GAAP and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States); (b) our annual report on Form 20-F; and (c) our quarterly report for the second quarter of a financial year prepared in accordance with US GAAP.

We consider that it would be unduly onerous if we were to include information required under Appendix 16 to the Listing Rules in our annual and second quarter reports which we are not required to include in our annual and second quarter financial statements under US GAAP. We have therefore applied for, and the Stock Exchange has granted, a waiver from strict compliance with certain content requirements in Appendix 16 for annual reports and interim reports.

The following items are those that if we had not obtained the waiver referred to above, would have to be included in an annual report under Appendix 16 but which is not required to be included in our annual reports on Form 20-F:

- (a) information on debtors, including credit policy and ageing analysis of accounts receivable in the balance sheet;
- (b) ageing analysis of accounts payable in the balance sheet;
- (c) interests and short positions of each Director and Executive Officer in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO);
- (d) interests and short positions of every person, other than a Director or Executive Officer, in the Shares and underlying Shares of our Company as recorded in the register required to be kept under section 336 of the SFO;
- (e) the unexpired term of any service contract, which is not determinable by the employer within one year without payment of compensation of any Director proposed for re-election;
- (f) particulars of any arrangement under which a Shareholder has waived or agreed to waive any dividends;
- (g) explanation of any material difference between the net income shown in the financial statements and any profit forecast published by our Company;
- (h) details of the emoluments of Directors and past Directors (and a chief executive who is/was not a Director) on a named basis;
- (i) particulars of any arrangement under which a Director has waived or agreed to waive any emoluments;
- (j) information in respect of the five highest paid individuals during the financial year;
- (k) disclosures required under the Tenth Schedule, section 128 (details of subsidiaries), 129 (details of investments), 129A (details of ultimate holding company), 129D (contents of the directors' report), 161 (directors' remuneration), 161A (corresponding figures), 161B (loans to company officers), 162 (directors' interests in contracts) and 162A (management contracts);
- (l) information in respect of our major customers and its major suppliers;
- (m) management discussion and analysis on (i) funding and treasury policies and objectives; (ii) the state of the Group's order book and prospects for new business; (iii) significant investments held, their performance during the financial year and their future prospects; (iv) comments on segmental information; (v) details of future plans for material investments or capital assets and their expected sources of funding in the coming year; and (vi) gearing ratio; and
- (n) the corporate governance report as in Appendix 23 to the Listing Rules.

The following items are those that if we had not obtained the waiver referred to above, would have to be included in an interim report under Appendix 16 but which is not required to be included in our second quarter report prepared in accordance with US GAAP:

- (a) management discussion and analysis of the Group's performance in the first six months of a financial year;
- (b) details of interests in the equity or debt securities of our Company or any associated corporation at the end of the first six months of a financial year for each Director and Executive Officer and every person, other than a Director or Executive Officer, in the Shares and underlying Shares of our Company as recorded in the register required to be kept under section 336 of the SFO; and
- (c) confirmation whether our Company meets the code provisions set out in Appendix 14 to the Listing Rules during the first six months of the financial year.

We will make the following alternative disclosures:

- (i) with respect to the requirement to include a corporate governance report in our annual report and a statement in our second quarter report as to whether we meet the code provisions set out in Appendix 14 to the Listing Rules, we will, if we deviate from any code provision set out in Appendix 14 in any financial year or the first six months of any financial year after the listing of our HDRs on the Stock Exchange (other than any deviations already disclosed in the Listing Document), disclose and explain such deviation in the overseas regulatory announcement to be published on the Stock Exchange's website containing our annual report on Form 20-F or our second quarter report; and
- (ii) we will include a management discussion and analysis of the Group's performance in the first six months of the financial year in our second quarter report, which will include the information required under paragraph 32 of Appendix 16 to the Listing Rules, other than (1) funding and treasury policies and objectives; (2) the state of the Group's order book and prospects for new business; (3) significant investments held, their performance during the period and their future prospectus; (4) comments on segmental information; (5) details of future plans for material investments or capital assets and their expected sources of funding in the coming period; and (6) gearing ratio.

To comply with the requirement under Rule 13.49 the Listing Rules to publish preliminary announcements of annual results and interim results, we will publish on the Stock Exchange's website our annual financial statements and quarterly financial statements for the second quarter of a financial year prepared in accordance with US GAAP. We will not separately publish preliminary announcements of those results.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement in Appendix 16 to disclose whether we meet the code provisions set out in Appendix 14 to the Listing Rules and any deviations therefrom together with the reasons for such deviations in our annual financial statements and quarterly financial statements for the second quarter of a financial year prepared in accordance with US GAAP, on the basis that we consider the information contained in those financial statements of our Company is sufficient for our Shareholders and investors to evaluate the

financial performance of the Group during the relevant financial year or period, and are therefore able to serve the purpose of preliminary results announcements.

### ***Spin-off listings***

Practice Note 15 of the Listing Rules sets out the principles which the Stock Exchange applies when considering proposals submitted by a listed issuer to effect a separate listing of any of its subsidiaries.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the provisions of Practice Note 15 with respect to any spin-off listings of any of our subsidiaries on any stock exchange other than the Stock Exchange that we may decide to undertake from time to time, on the basis that we will:

- (a) observe the principle set out in paragraph 3(c) that after the spin-off listing, our Company would retain a sufficient level of operations and sufficient assets to support our Company's separate listing status;
- (b) observe the principles set out in paragraph 3(d)(i) to (iv) relating to clear delineation of business between our Company and the spun-off entity, ability of the spun-off entity to function independently of our Company, clear commercial benefits to both our Company and the spun-off entity in the spin-off, and no adverse impact on the interests of our Shareholders resulting from the spin-off; and
- (c) in the announcement to be issued by our Company pursuant to Rule 13.09(1) disclosing the spin-off proposal, (i) confirm that our Company would retain a sufficient level of operations and sufficient assets to support the separate listing status; and (ii) explain how our Company is able to meet the principles set out in paragraph 3(d)(i) to (iv).

In the event that we decide to proceed with the spin-off listing of any of our subsidiaries on the Stock Exchange, we will comply with the requirements of Practice Note 15 (other than paragraph 3(e) regarding shareholders' approval which will not be applicable to us on the basis of the waivers granted to us from compliance with Chapter 14 and 14A of the Listing Rules).

### ***Other continuing obligations***

#### ***Rule 13.11 to 13.22***

Rules 13.11 to 13.22 of the Listing Rules require disclosure of information in relation to specified matters relevant to our Company's business, including in relation to advances to an entity, financial assistance and guarantees to affiliated companies of an issuer, pledging of shares by the controlling shareholder, loan agreements with covenants relating to specific performance of the controlling shareholder, and breach of loan agreement by an issuer. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.11 to 13.22. We will, where applicable, publish notice of Material Fact on the Stock Exchange's website pursuant to Rule 13.09(1) of the Listing Rules at the same time as, or if not practicable due to the closure of the electronic document submission system of the Stock Exchange outside operational hours, as soon as practicable after, such notice is published on the websites of CVM, BM&FBOVESPA and/or SEC. Where we release any price sensitive information (including a Material Fact) to BM&FBOVESPA, NYSE or NYSE Euronext Paris during the

trading hours of the Stock Exchange, we will request a temporary suspension of trading in the HDRs on the Stock Exchange and as soon as practicable after the information has been released to BM&FBOVESPA, NYSE or NYSE Euronext Paris, inform the Stock Exchange and arrange for the release of such information to the market in Hong Kong in the next available window for submission of documents to the Stock Exchange and the resumption of trading in the HDRs on the Stock Exchange.

*Rule 13.25A and 13.31(1)*

Rule 13.25A of the Listing Rules requires a listed issuer to file a next day disclosure return with the Stock Exchange whenever there is a change in its issued share capital as a result of or in connection with a placing, consideration issue, open offer, rights issue, bonus issue, scrip dividend, repurchase of shares or other securities, exercise of an option, capital reorganisation or any other change in share capital. Rule 13.31(1) of the Listing Rules requires a listed issuer to inform the Stock Exchange as soon as possible after any purchase, sale, drawing or redemption by the issuer, or any member of the group, of its listed securities. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.25A of the Listing Rules to the extent that we are required to file a next day disclosure return in the case of any repurchase of shares or other securities and Rule 13.31(1) of the Listing Rules in its entirety. We will otherwise comply with the requirement under Rule 13.25A to submit a next day disclosure return whenever there is a change in our issued share capital as a result of or in connection with the other events set out in Rule 13.25A.

*Rule 13.25B*

Rule 13.25B of the Listing Rules requires a listed issuer to publish a monthly return in relation to movements in its equity securities, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.25B of the Listing Rules to the extent that we are required to include information on repurchase of shares in the monthly return.

*Rule 13.36 and 13.57*

Rule 13.36 of the Listing Rules provides that the directors of a listed issuer shall obtain the consent of the shareholders in general meeting prior to any allotment, issue or grant of shares, unless pursuant to a general mandate granted by the shareholders to issue shares not exceeding the aggregate of 20% of the existing issued share capital of the listed issuer. Rule 13.57 of the Listing Rules provides that where an increase in authorised capital is proposed, the directors must state in the explanatory circular whether they have any present intention of issuing any part of that capital. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 13.36 and 13.57 of the Listing Rules. We will issue new Shares in accordance with the requirements of Brazilian law as described in further detail in Appendix V to the Listing Document.

*Rule 13.38*

Rule 13.38 of the Listing Rules requires a listed issuer to send a proxy form with the notice convening a general shareholders' meeting to all persons entitled to vote at the meeting. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.38 of the Listing Rules on the basis that (a) we are not currently required under the Corporations Act or by any of CVM, BM&FBOVESPA, NYSE, SEC or any other stock exchange on which our Shares or ADRs are listed or traded to send or make available proxy forms to our Shareholders in relation to any general

Shareholders' meeting; and (b) voting instructions on each resolution to be approved at a general Shareholders' meeting will be obtained by the HDR Depository from the registered holders and beneficial holders of the HDRs in accordance with the procedures described in the section of the Listing Document headed 'Listings, Terms of Depository Receipts and Depository Agreements, registration, dealings and settlement'.

*Rule 13.39(4) and (5)*

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with (a) Rule 13.39(4) of the Listing Rules to the extent that any vote of shareholders at a general meeting must be taken by poll; and (b) Rule 13.39(5) of the Listing Rules to the extent that (i) the announcement of the results of the general meeting must state the number of shares entitling the holder to attend and vote on a resolution at the meeting, the number of shares entitling the holder to attend and abstain from voting in favour as set out in Rule 13.40 of the Listing Rules, the number of shares of holders that are required under the Listing Rules to abstain from voting, the number of shares actually voted for and against a resolution; and (ii) a scrutineer for the vote-taking must be appointed and its identity must be stated in the announcement of the results of the general meeting.

Under the Corporations Act, the conduct of a general shareholders' meeting is attributed to the chairman of the meeting, who will, in general, decide how voting on a particular resolution to be considered at the meeting will be counted. Although voting in our Shareholders' meetings is conducted by a show of hands, votes are counted on the basis of one vote for each voting share held by each of our Shareholders attending and voting at the meeting. Vote-taking at our Shareholders' meetings is usually undertaken by the secretary of the meeting, and the chairman of the meeting has the duty to ensure that votes are properly and accurately taken. We are required to publish, on the same day after the end of each general shareholders' meeting (a) a brief summary of the resolutions passed in the meeting; or (b) the minutes of the meeting (including, among others, the resolutions passed) on the websites of CVM, BM&FBOVESPA, and consequently, we are required to furnish such information to the SEC on a Form 6-K. There is no requirement under Brazilian law or any other rules or regulations for our Company to disclose the number of votes cast for or against each resolution, nor is it common practice in Brazil for listed companies to provide such information.

*Rule 13.46(2)*

Rule 13.46(2) of the Listing Rules provides that an overseas issuer shall send to every member of the issuer and every other holder of its listed securities a copy of either its annual report including its annual accounts or its summary financial report, not less than 21 days before the date of the issuer's annual general meeting and in any event not more than four months after the end of the financial year to which they relate. Our annual report on Form 20-F will not be published before the annual general meeting of our Company. We have therefore applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.46(2) of the Listing Rules to the extent that the annual report is required to be issued not less than 21 days before the date of the annual general meeting, on the basis that we will issue our annual financial statements prepared in accordance with US GAAP (to be included in the Form 20-F) in both English and Chinese and our annual financial statements prepared in accordance with Brazilian GAAP not less than one month before the annual general meeting of our Company, and the annual financial statements prepared in accordance with Brazilian GAAP will be approved by our Shareholders at the annual general meeting.

*Rules 13.51(2), 13.51B(1) and (2), and 13.74*

Rules 13.51(2), 13.51B(1) and (2), and 13.74 of the Listing Rules set out certain disclosure requirements in respect of any change in a listed issuer's directors and chief executive, including appointment, re-designation, retirement, removal and resignation of directors and chief executive.

We have applied for, and the Stock Exchange has granted, waivers from strict compliance with the following requirements: (a) the requirements to include in the announcement of appointment or re-designation of any Director or chief executive the details specified under Rule 13.51(2)(c)(i), (e), (f), (g), (h) to (x) of the Listing Rules and the requirements to include those details of any Director proposed to be re-elected or proposed new Director in the notice of the general meeting at which such re-election or appointment is to be approved or the relevant management proposal; (b) the requirement to set out any change in certain information on any Director specified in Rule 13.51(2)(a) to (e) and (g) during the course of his term of office in our next published annual or interim report pursuant to Rule 13.51B(1); (c) the requirement to inform the Stock Exchange and publish an announcement as soon as practicable setting out any change in the information on any Director specified in Rule 13.51(2)(h) to (v) during the course of his term of office pursuant to Rule 13.51B(2); and (d) the requirement to disclose the reasons for the resignation or removal of any Director or chief executive in the announcement of resignation or removal.

*Rule 13.51D*

Rule 13.51D provides that a listed issuer must publish the procedures for shareholders to propose a person for election as a director on its website. Neither the Corporations Act nor the By-laws impose any requirement for any procedure to be adopted for shareholders to propose any person for election as a Director (such as any requirement to give any minimum length of notice to propose any person for election as a Director or to disclose the name of such person prior to the date of the general meeting at which such election is to be made). It would also be inconsistent with the Corporations Act for our Company to adopt any such minimum notice period. The exercise by holders of common shares and preferred shares of their right to propose a person to be elected as a Director at the general meeting, so long as their shareholding in our Company reaches the prescribed level, is not subject to compliance with any nomination, prior notification or other procedure under Brazilian laws and regulations or the By-laws. On such basis, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.51D of the Listing Rules.

*Rule 13.68*

Rule 13.68 of the Listing Rules provides that a listed issuer shall obtain the prior approval of its shareholders (at which the relevant director and his associates shall not vote on the matter) for any service contract to be granted by the listed issuer or any of its subsidiaries to any director or proposed director which (a) is for a duration that may exceed three years; or (b) in order to entitle the listed issuer to terminate the contract, expressly requires it to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments. We do not generally enter into appointment contracts with our Directors and the Bylaws do not provide for any appointment contracts with our Directors to be approved by our Shareholders. However, there is a requirement under the Corporations Act for the aggregate amount of the compensation payable to our Directors, Executive Officers and our technical and advisory committees in each financial year to be subject to the approval of our Shareholders. Any compensation payable to a Director for termination in

any financial year can only be made out of the aggregate amount of compensation that was so approved at the immediately preceding annual Shareholders' meeting. In addition, the rules on conflict of interests, set out in further detail in Appendix V to the Listing Document, will apply where any appointment contracts with our Directors are to be approved by the Board of Directors. On such basis, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.68 of the Listing Rules.

#### *Rule 13.70*

Rule 13.70 of the Listing Rules provides that a listed issuer shall publish an announcement or issue a supplementary circular upon receipt of a notice from a shareholder to propose a person for election as a director at the general meeting where such notice is received by the listed issuer after publication of the notice of meeting. Pursuant to the Corporations Act and our By-laws, the non-controlling holders of our Common Shares and Preferred Shares are entitled to appoint Directors. There is no requirement for any advance notice to be given if those Shareholders propose to exercise such right. Those Shareholders may propose a person for election as a Director at any time before the relevant Shareholders' meeting or even at the meeting. It is therefore not possible for our Company to comply with Rule 13.70 to publish an announcement or issue a supplementary management proposal upon receipt of a notice from any of the non-controlling holders of our Common Shares or Preferred Shares to propose a person for election as a Director, or to adjourn the Shareholders' meeting to give our Shareholders at least 10 business days to consider the relevant information. On such basis, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.70 of the Listing Rules.

#### *Rule 13.88*

Rule 13.88 provides that an issuer must at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting. The issuer must not remove its auditor before the end of the auditor's term of office without first obtaining shareholders' approval at a general meeting. An issuer must send a circular proposing the removal of the auditor to shareholders with any written representations from the auditor, not less than ten business days before the general meeting.

Pursuant to the CVM Rules, a public company may appoint auditors for a term of up to five years. In any case, a public company is required to change its independent auditors in respect of Brazilian GAAP every five years. There is no requirement for auditors to retire at each annual general meeting and a public company can appoint auditors for a term of more than one year (but not more than five years). In addition, pursuant to Regulation S-X of the SEC and the Public Company Accounting Oversight Board Rules, the independent auditors appointed in respect of US GAAP may be appointed for an indefinite period provided that the audit partner rotates every five years.

Pursuant to the Corporations Act and the By-laws, the appointment, removal and remuneration of independent auditors is required to be approved by the Board upon the recommendation of the Fiscal Council. There is no requirement for shareholders to approve the appointment of auditors at each annual general meeting or the removal of auditors before the end of their term of office under Brazilian laws and regulations. We have undertaken that, if the Board disagrees with the Fiscal Council's view on the appointment or dismissal of the external auditors, we will include the relevant opinion from the Fiscal Council and the reason(s) why the Board has taken a different view in the overseas regulatory



announcement that we are required to issue in Hong Kong when we publish our annual report on the Form 20-F. Where the external auditor is removed before the expiration of its term of office, our management is required to disclose to the market the reasons leading to such dismissal, by means of filing with CVM an updated version of the prescribed document.

On the basis of the above, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 13.88 of the Listing Rules.

#### **PARTIAL EXEMPTION FROM THE DISCLOSURE OF INTERESTS REQUIREMENTS UNDER THE SFO**

Part XV of the SFO imposes obligations on shareholders, directors and chief executives of a listed company to notify their interests in the listed company and for the listed company to prepare registers and maintain records. We are currently required under the CVM Rules to publish, on a monthly basis, a consolidated form which sets out the aggregate interests and short positions in our Securities held by all our Directors, Executive Officers and members of the Fiscal Council and their respective Relevant Persons. We are also required to disclose the interest and short position in our Securities of any Shareholder who holds an interest or short position of 5% or more in our Securities and any further acquisition or disposal by such Shareholder of an interest or short position in 5% or more in our Securities.

We have applied for, and the SFC has granted, a partial exemption under section 309(2) from the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12) for our Shareholders, Directors and Executive Officers to notify their interests in our securities and for us to prepare registers and maintain records, on condition that:

- (a) we will file with the Stock Exchange all disclosures of interests made public in Brazil and the United States as soon as practicable on the basis that the Stock Exchange will publish these disclosures in the same way as those it receives from other listed corporations pursuant to Part XV of the SFO;
- (b) we will report to the SFC, within 10 business days after the end of each calendar month, what percentage of that month's average daily worldwide share turnover took place on the Stock Exchange, until such time when the SFC advises us otherwise in writing and in any case for no less than 12 months from the date of listing; and
- (c) we will advise the SFC if there is any material change in any of the information which we have given to the SFC, including any significant change to the disclosure requirements in Brazil or in the United States, and any exemption or waiver from the disclosure of interest requirements in Brazil or in the United States.

#### **RULING THAT WE ARE NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE AND THE SHARE REPURCHASES CODE**

Paragraph 4.1 of the Introduction to the Takeovers Code and the Code on Share Repurchases issued by the SFC provides that those codes apply to takeovers, mergers and share repurchases affecting, among others, public companies in Hong Kong and companies with a primary listing of their equity securities in Hong Kong.

We have sought, and the SFC has granted, a ruling that we would not be regarded as a public company in Hong Kong for the purposes of the Takeovers Code and the Code on Share Repurchases.

We are currently subject to the CVM Rules and the Corporations Act of Brazil and the Exchange Act of the United States in respect of takeovers and share repurchases.

#### **DEVIATIONS FROM THE CG CODE**

In addition to the deviations from the code provisions of the CG Code disclosed in the Listing Document and above, we expect that we may deviate from the following code provisions of the CG Code:

##### **Nomination committee (paragraphs A.5.1 to A.5.5 of the CG Code)**

We do not have and will not be establishing a nomination committee whose members are to comprise a majority of independent non-executive directors as suggested in paragraph A.5.1 of the CG Code. The terms of reference of the nomination committee, as suggested in paragraph A.5.2 of the CG Code, include reviewing the structure, size and composition of the board of directors, making recommendations on proposed changes to the members of the board, and identifying individuals who are suitable to become directors.

As disclosed in the Listing Document, shareholders have the right to elect the Directors, while the Board has the right to appoint a Director only for the purpose of filling a casual vacancy until the holding of the next shareholders' meeting under Brazilian law. There is no requirement for our Company to establish a nomination committee nor is there any requirement on the part of the Board or any of its committees to make recommendations to the shareholders with respect to any of the matters falling within the terms of reference recommended for a nomination committee under paragraph A.5.2 of the CG Code or for the shareholders to take account of any such recommendation if it was indeed made. On this basis, we do not consider it appropriate to establish a nomination committee.

##### **Reasons upon which the Board believes an independent non-executive Director to be independent (Paragraph A.4.3 and A.5.5 of the CG Code)**

Paragraph A.4.3 of the CG Code provides that if an independent non-executive director serves for more than nine years, his further appointment should be subject to shareholders' approval and the circular to shareholders accompanying the resolution to approve his appointment should include the reason(s) why the board of directors believes he is still independent. Paragraph A.5.5 of the CG Code also provides that where shareholders' approval is sought to approve the appointment of any person as an independent non-executive director, the circular to shareholders accompanying the resolution to approve such appointment should contain the reason(s) why the board of directors considers such person should be elected and why the board of directors considers him to be independent.

The Stock Exchange has, at the time of the Introduction, granted us the following waivers:

- (1) a waiver from strict compliance with the requirement to appoint at least three independent non-executive directors under Rule 3.10 of the Listing Rules on condition that (a) the Fiscal Council will assume and perform all the duties and obligations required to be performed by independent non-executive directors under the Listing Rules; and (b) the Fiscal Council will

comprise at least three members who satisfy the independence requirements applicable to independent non-executive directors under Rule 3.13 of the Listing Rules;

- (2) a waiver from strict compliance with the requirement to confirm whether we have received the annual confirmation of independence from each of the independent members of the Fiscal Council and whether we still consider the independent members to be independent in each of our annual reports on condition that we undertake that we will, instead, include such confirmations in the management proposal to be published together with the notice of annual general meeting at which the re-election of any independent member of the Fiscal Council is to be approved.

All of the members of the Fiscal Council (including the independent members and irrespective of the length of time for which they have held office as a member of the Fiscal Council) are required to be elected by the shareholders of our Company at each annual general meeting under Brazilian law and the requirements of the By-laws.

There is no requirement for any circular to shareholders to be issued in connection with the proposed appointment of any member of the Fiscal Council to provide any reason why the Board considers such person should be elected or why the Board considers him to be independent under Brazilian law. As such, we will not be able to adopt the recommended practices under paragraph A.4.3 and A.5.5 of the CG Code. Instead, we will continue to follow the arrangement agreed to at the time of the Introduction of stating in the management proposal to be published together with the notice of annual general meeting at which the re-election of any independent member of the Fiscal Council is to be approved whether we have received a confirmation of independence from such independent member and whether we still consider such independent member to be independent.

#### **Policy concerning diversity of board members (paragraph A.5.6 of the CG Code)**

Under paragraph A.5.6 of the CG Code, it is recommended that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

We do not have and will not be establishing a policy concerning diversity of board members as recommended in paragraph A.5.6 of the CG Code. As disclosed in the Listing Document, our shareholders have the right to elect our directors, while our board of directors has the right to appoint a director only for the purpose of filling a casual vacancy until the holding of the next shareholders' meeting under Brazilian law. There is no requirement for us, our board of directors or any of its committees to have a policy concerning diversity of board members or for the shareholders to take account of any such policy if it was indeed established. On this basis, we do not consider it appropriate to put in place a policy concerning diversity of board members.

#### **Disclosure of senior management's remuneration by band (paragraph B.1.5 of the CG Code)**

Under paragraph B.1.5 of the CG Code, it is recommended that a listed issuer should disclose details of remuneration payable to members of senior management by band in their annual reports.

In order to maintain consistency in the level of details being disclosed with respect to the remuneration of the Directors and officers in the different markets in which our shares or depositary receipts are listed and/or traded, we will, in place of adopting the recommended practice under B.1.5 of the CG Code, continue to disclose the aggregate remuneration of (i) the members of the Board; (ii) the members of the board of executive officers; (iii) the members of the Fiscal Council; and (iv) the members of the advisory committees in the Form 20-F which we are required to file in the United States annually and which will also be published on the Stock Exchange's website at the same time as it is published in Brazil and the United States.

**Posting of terms of reference of the audit committee and remuneration committee (paragraph B.1.3 and C.3.4 of the CG Code)**

Under paragraph B.1.3 and C.3.4 of the CG Code, it is recommended that a listed issuer should make available its terms of reference of the audit committee and remuneration committee by including them on the Stock Exchange's website and the issuer's website.

The Stock Exchange has, at the time of the Introduction, granted us a waiver from strict compliance with the requirement for the establishment of an audit committee under Rule 3.21 of the Listing Rules. As one of the conditions to the waiver from compliance with the requirements of Rule 3.21, we have undertaken that the Fiscal Council will perform the role of the audit committee (other than certain duties which were specifically excluded and disclosed in the Listing Document). The Stock Exchange has also granted us a waiver from strict compliance with the requirement for the establishment of a remuneration committee under Rule 3.25 of the Listing Rules, on condition that the executive development committee will perform the role of the remuneration committee (other than certain duties which were specifically excluded and disclosed above).

The internal charter of the Fiscal Council is not a public document and is not required to be made publicly available whether under the laws and regulations in Brazil or the United States. However, the By-laws contain a summary of the key duties to be performed by the Fiscal Council, which are to be incorporated in its internal charter. The executive development committee is a committee established by the Board pursuant to powers conferred under Brazilian law and the By-laws, and a summary of its duties are set out in the By-laws and also available on our website.

A copy of the By-laws, which contain summaries of the key duties of the Fiscal Council and the executive development committee, has already been posted on both our website and the Stock Exchange's website.

**Attendance of general meetings (paragraph E.1.2 of the CG Code)**

Paragraph E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting, and he should also invite the chairman of the audit committee and other committees (or in their absence, another member of the committee or his duly appointed delegate) to attend and to be available to answer questions.

The attendance of the chairman of the Board or the chairman or any member of any of the committees established by the Board at our annual general meeting is not mandatory under Brazilian law or our By-laws, except that a member of the Fiscal Council and the external auditors are required under Brazilian law to be present at the annual general meeting to answer any queries the shareholders

may have on the financial statements. We, therefore, are not in a position to require or otherwise ensure that the chairman of the Board or the chairman or any other member of any of the committees established by the Board will attend our annual general meeting.

***Definitions***

<b>ADRs</b>	American Depositary Receipts evidencing ADSs
<b>ADSs</b>	American Depositary Shares representing Common Shares and Class A Preferred Shares, respectively, which are deposited with JPMorgan Chase Bank, N.A.
<b>AMF</b>	Autorité des Marchés Financiers, the French securities regulator
<b>Annual Disclosure Document</b>	the Formulário de Referência filed annually by our Company with the CVM
<b>associate(s)</b>	unless the context requires otherwise, has the meaning set out in the Listing Rules
<b>BM&amp;FBOVESPA</b>	the São Paulo Stock Exchange
<b>Board or Board of Directors</b>	the board of Directors of our Company
<b>Board of Executive Officers</b>	the board of executive officers of our Company
<b>Brazilian Government</b>	the government of the Federative Republic of Brazil
<b>By-laws</b>	the by-laws of our Company, as amended from time to time
<b>CG Code</b>	the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules
<b>China or PRC</b>	the People’s Republic of China, excluding, for the purpose of the Listing Document only, Hong Kong, Macau and Taiwan, unless otherwise specified
<b>Class A Preferred Depositary Receipts</b>	the Depositary Receipts evidencing Class A Preferred HDSs
<b>Class A Preferred HDSs</b>	the Hong Kong depositary shares representing Class A Preferred Shares
<b>Class A Preferred Shares</b>	the class A preferred shares of no par value per share in the capital of our Company, being part of the Preferred Shares
<b>Common Depositary Receipts</b>	the Depositary Receipts evidencing Common HDSs
<b>Common HDSs</b>	the Hong Kong depositary shares representing Common Shares
<b>Common Shares</b>	the common shares of no par value per share in the capital of our Company
<b>Companies Ordinance</b>	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time

<b>Company, Parent Company, or Vale</b>	Vale S.A., a <i>Sociedade por Ações</i> incorporated with limited liability and registered in Brazil, and also registered under CVM number 00417-0, whose principal executive offices are at Avenida Graça Aranha, No. 26, 20030-900 Rio de Janeiro, RJ, Brazil
<b>Competent Persons</b>	the persons whose reports on our Material Reserves are summarised in Appendix III to the Listing Document
<b>Controlling Shareholder(s)</b>	has the meaning set out in the Corporations Act (see the section of Appendix V to the Listing Document headed “Takeover Regulations — Brazilian requirements”)
<b>Corporations Act</b>	Brazilian Federal Law 6.404/76 as amended, supplemented or otherwise modified from time to time
<b>CVM</b>	Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission)
<b>CVM Rules</b>	the rules and regulations issued by CVM including Normative Instructions, Deliberations and Guidance Opinions, as amended, supplemented or otherwise modified from time to time
<b>Depository Receipts or HDRs</b>	the depository receipts to be the subject of the Introduction, comprising both Common Depository Receipts and Class A Preferred Depository Receipts
<b>Director</b>	a director, being a member of the Board of Directors, of our Company
<b>Exchange Act</b>	U.S. Securities Exchange Act of 1934
<b>Executive Officers</b>	members of the Board of Executive Officers
<b>Fiscal Council</b>	the fiscal council of our Company established under the Corporations Act
<b>Golden Shares</b>	the preferred shares of no par value per share in the capital of our Company held by the Brazilian Government
<b>Group</b>	our Company and its subsidiaries
<b>HDR Depository</b>	JPMorgan Chase Bank, N.A., in its capacity as depository for the HDRs, or any successor appointee in that capacity from time to time
<b>HDR Holders</b>	a registered holder of any Depository Receipt(s), being their legal owner
<b>Hong Kong</b>	the Hong Kong Special Administrative Region of China
<b>Industry Guide 7</b>	Industry Guide 7 — Description of property by issuers engaged or to be engaged in significant mining operations issued by the SEC
<b>Introduction</b>	the admission of the Depository Receipts to secondary listing, and trading, on the Main Board of the Stock Exchange, pursuant to the Listing Rules

<b>Latest Practicable Date</b>	Thursday, 25 November 2010, being the latest practicable date for the inclusion of certain information in the Listing Document prior to its publication
<b>Listing Committee</b>	the Listing Committee of the Stock Exchange
<b>Listing Date</b>	the date, expected to be on or about Wednesday, 8 December 2010, on which the Introduction is expected to take place
<b>Listing Document</b>	the listing document dated Thursday, 2 December 2010 issued by our Company in relation to the Introduction
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
<b>Major Acquisition</b>	has the meaning set out in the Corporations Act (please see the section of Appendix V to the Listing Document headed “Brazilian Regulatory Provisions — Major acquisitions”)
<b>Material Fact</b>	has the meaning set out in the CVM Rules (please see the section of Appendix V to the Listing Document headed “Brazilian Regulatory Provisions — Disclosure of information”)
<b>Material Reserves</b>	those of our Group’s reserves identified as material to our operations
<b>Northern System</b>	our mining system located in the Carajas mineral province of the Brazilian state of Para, comprising the Serra Norte N4W, N4E and N5 (11) complex
<b>NYSE</b>	the New York Stock Exchange
<b>NYSE Euronext Paris</b>	the Professional Compartment of the NYSE Euronext Paris market
<b>Preferred Shares</b>	the Class A Preferred Shares and the Golden Shares
<b>Samarco</b>	Samarco Mineração S.A., a company 50.0% of whose shares and 50.0% of whose voting rights are ultimately held by our Company
<b>Sarbanes-Oxley Act</b>	the United States Public Company Accounting Reform and Investor Protection Act of 2002
<b>SEC</b>	the United States Securities and Exchange Commission
<b>SFC</b>	the Securities and Futures Commission of Hong Kong
<b>SFO</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
<b>Share Repurchases Code</b>	the Share Repurchases Code issued by the SFC, as amended, supplemented or otherwise modified from time to time
<b>Shareholder</b>	a holder of any Share(s)
<b>Shares</b>	the Common Shares and the Preferred Shares

<b>Southeastern System</b>	our mining system located in the Iron Quadrangle region of the Brazilian state of Minas Gerais, comprising three mining complexes (Itabira, Minas Centrais and Mariana), and in the Brazilian state of Mato Grosso do Sul, where the mines of Urucum and Corumbá are located
<b>Southern System</b>	our mining system located in the Iron Quadrangle region of the Brazilian state of Minas Gerais, comprising the Minas Itabirito, Vargem Grande and Paraopeba complexes
<b>Sponsor</b>	J.P. Morgan Securities (Asia Pacific) Limited, which is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, and is a restricted licensed bank under the Hong Kong Banking Ordinance, Chapter 155 of the Laws of Hong Kong
<b>Stock Exchange subsidiary</b>	The Stock Exchange of Hong Kong Limited unless the context requires otherwise, has the meaning set out in the Listing Rules
<b>substantial shareholder</b>	unless the context requires otherwise, has the meaning set out in the Listing Rules
<b>Takeovers Code</b>	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
<b>Track Record Period</b>	the three financial years of our Company ended 31 December 2009 and the six months ended 30 June 2010
<b>US, U.S. or United States</b>	United States of America
<b>US GAAP or U.S. GAAP</b>	United States generally accepted accounting principles
<b>Valepar</b>	Valepar S.A., our controlling shareholder (as defined in the Listing Rules)
<b>%</b>	per cent. or per centum

In this summary, references to “our Company”; “us”; “we”; and/or “our” are references to the Company and, in the latter three cases (save where the context otherwise requires) to the Group.



## **B. SUMMARY OF FOREIGN LAWS AND REGULATIONS**

Set out below is a summary of the By-laws, certain provisions of Brazilian corporate law, and certain Brazilian, US and other securities and tax regulations applicable to our Company. Capitalised terms used but not otherwise defined herein shall have the same meaning ascribed to such terms as set out in the definitions section at the end of this summary.

### **GENERAL**

The rights and restrictions attaching to the Common Shares and Preferred Shares are detailed in the By-laws, the Corporations Act, the BM&FBOVESPA Listing Rules, and the CVM Rules. Other than the Golden Shares, which must be owned by the Brazilian Government, there are no restrictions on the transfer of either the Common Shares or Preferred Shares, the number of members of our Company or on invitations by our Company to the public to subscribe for its Common Shares or Preferred Shares which would result in our Company being classified as a private company under section 29 of the Companies Ordinance.

The Stock Exchange has granted waivers from strict compliance with certain requirements of Appendix 3 to the Listing Rules.

### **SUMMARY OF THE BY-LAWS AND CERTAIN PROVISIONS OF BRAZILIAN CORPORATE LAW**

The last amendment of the By-laws was made on 19 May 2010. A copy of the By-laws is available at our website.

Our corporate purpose is defined in the By-laws to include:

- the exploitation of mineral deposits in Brazil and abroad by means of research, extraction, processing, industrialisation, transportation, shipment and commerce of mineral goods;
- the building and operation of railways and the exploitation of our Company's own or unrelated party rail traffic;
- the building and operation of our Company's own or any unrelated party's maritime terminals, and the exploitation of maritime activities for the provision of support within the harbour;
- the provision of integrated cargo transport logistics services, comprising generation, storage, trans-shipment, distribution and delivery within the context of a multi-modal transport system;
- the production, processing, transport, industrialisation and commercialisation of all and any source and form of energy, also involving activities of production, generation, transmission, distribution and trading of its products, derivatives and sub-products;
- the carrying-on, in Brazil or abroad, of other activities that may be of direct or indirect consequence for the achievement of our Company's corporate purpose, including research, industrialisation, purchase and sale, importation and exportation, exploitation, industrialisation and commercialisation of forest resources and provision of services of any kind whatsoever; and

- incorporating or participating in any other type of company, consortium or association that is directly or indirectly related to its corporate purpose.

## **Share Capital**

### ***Classes of Shares***

Our share capital is currently divided into two classes of shares: (i) Common Shares and (ii) Preferred Shares. The two classes of Shares were first issued at the time of our incorporation on 11 January 1943. The Preferred Shares are further divided into Class A Preferred Shares and Golden Shares. All of the issued Shares are registered shares with no nominal value.

In accordance with our privatisation deed, the Shareholders' meeting held after the privatisation approved the introduction of the Golden Share to be exclusively owned by the Brazilian Government which carried special veto rights over certain matters specified in the By-laws. After subsequent share splits, there are now 12 Golden Shares in issue. All of the Golden Shares are owned by the Brazilian Government. For more information on the rights attached to the Golden Shares, please refer to "Voting rights" below.

The By-laws do not provide for the conversion of the Preferred Shares into Common Shares. The Preferred Shares do not carry any preferential right to return of capital on liquidation or any right of redemption.

Any change in the preferences or advantages of the Preferred Shares or the creation of a class of shares having priority over the Preferred Shares would be subject to the veto right of the holder of the Golden Shares. In addition to this, if the variation of rights would be prejudicial to the interests of those holders or would result in changes to the relative ratios between the different classes of Preferred Shares, the Special Approval of our Shareholders in a general meeting and the Special Approval of the holders of the outstanding Preferred Shares pertaining to the class(es) negatively affected, voting as a class at a special meeting, is required. Any other changes to class rights which are not considered to be prejudicial to the interests of the relevant class of Shareholders do not require a separate class vote and only require the Special Approval of Shareholders in a general meeting.

Under the By-laws, the Preferred Shares (including both the Class A Preferred Shares and the Golden Shares) and the Common Shares carry different voting rights with respect to the election and removal of members of the Board of Directors and the Fiscal Council, different rights to dividends and in the case of the Golden Shares, veto rights on a limited number of matters as described below. Otherwise, the Preferred Shares and the Common Shares carry the same voting and economic rights.

### ***Issue of Shares***

Pursuant to the Corporations Act, our Company may increase its share capital (i) by the Simple Approval of Shareholders at a general Shareholders' meeting constituted with a Special Quorum or, where Shares are being issued pursuant to any limit authorised in the By-laws, by a resolution passed by our Board; (ii) by conversion of debentures into Shares or by the exercise of rights conferred by warrants (or subscription bonuses as known under Brazilian law) (if any) or options to purchase Shares.

Where authorisation to issue new Shares is to be given in the By-laws, the authorisation must specify:

- (i) the limit by which the share capital may be increased, whether in terms of the amount of capital or the number of Shares, and the type and class of Shares that may be issued;
- (ii) the body that is competent to approve the issue of the new Shares, which may be either the general meeting or the Board;
- (iii) the conditions to which the issue of the new Shares may be subject;
- (iv) the circumstances and conditions under which Shareholders would or would not be entitled to pre-emptive rights upon the issue of any of the new Shares.

Where an increase of share capital and the corresponding amendment to the By-laws are to be specifically approved by our Shareholders, a Simple Approval at a general Shareholders' meeting constituted with a Special Quorum is required. Where specific approval to issue Shares is granted by our Shareholders, our Shareholders may specify all the conditions of the capital increase, such as the number of new Shares to be issued, the time limit within which the new Shares must be issued and the issue price, or they may delegate the authority to determine the issue price to our Board of Directors. Where general authorisation to issue Shares is given by our Shareholders to our Board of Directors by way of amendment to the By-laws, there is no time limit within which the authorised share capital has to be issued by our Board of Directors and the authorisation remains valid without any specific term or the need for renewal.

The Corporations Act further provides that Shareholders have general pre-emptive rights to subscribe for any Shares, warrants or convertible securities in proportion to their respective shareholdings. A minimum period of 30 days following the publication of the notice of an increase in capital has to be provided for the exercise of the right.

In the event of an increase of the number of Shares of all existing types and classes in the same proportion, each Shareholder shall have a pre-emptive right to subscribe for Shares of the same type or class as those he owns. If the Shares issued are of the existing types or classes but the respective proportions in the capital are altered, holders of the same types or classes shall have pre-emptive rights to subscribe for the new Shares issued, and holders of another type or class of Shares may only subscribe for the new Shares issued if their existing Shares are insufficient to assure them the same proportion as they had in the capital before the increase. In the event of an issue of Shares of a new type or class, each Shareholder shall have a pre-emptive right to subscribe for the new Shares issued, in proportion to his shareholding.

Under the By-laws, our Board may issue Shares, convertible securities or subscription bonuses (or warrants) without any pre-emptive rights to our existing Shareholders, or reduce the 30-day period granted for the exercise of pre-emptive rights under the Corporations Act on the issue of Shares, convertible securities or subscription bonuses (or warrants) in the event of a sale of Shares on a stock exchange or a capital increase offered for public subscription.

The By-laws currently authorise the issuance of up to 3.6 billion Common Shares and up to 7.2 billion Class A Preferred Shares, in each case based solely on the approval of our Board without any further Shareholders' approval.

### ***Form and transfer of Shares***

Our Class A Preferred Shares and Common Shares are in book-entry form registered in the name of each Shareholder or its nominee. As provided under the Corporations Act, transfers of Shares are effected by our transfer agent, Banco Bradesco S.A., upon presentation of valid share transfer instructions to us by a transferor or its representative. When our Class A Preferred Shares or Common Shares are acquired or sold on BM&FBOVESPA, the transfer is effected on the records of our transfer agent by a brokerage firm through BM&FBOVESPA clearing system. Transfers of Shares by a foreign investor are made in the same way and are executed by the investor's local agent, who is also responsible for updating the information relating to the foreign investor furnished to the Central Bank of Brazil.

BM&FBOVESPA operates a central clearing system through *Companhia Brasileira de Liquidação e Custódia* or CBLC. A holder of our Shares may participate in this system and all Shares elected to be put into the system will be deposited in custody with CBLC (through a Brazilian brokerage institution that is duly authorised to operate by the Central Bank of Brazil and maintains a clearing account with CBLC). The fact that such Shares are subject to custody with the relevant stock exchange will be reflected in our register of Shareholders. Each participating Shareholder will, in turn, be registered in the register of our beneficial Shareholders that is maintained by CBLC and will be treated in the same way as registered Shareholders.

### ***Changes in share capital***

In accordance with the Corporations Act and the By-laws, our Company may by a Simple Approval at a meeting of our Shareholders constituted by a Special Quorum:

- consolidate our Common Shares or Class A Preferred Shares;
- subdivide our Common Shares or Class A Preferred Shares;
- redeem our Common Shares and Class A Preferred Shares; and
- cancel any of our Common Shares or Class A Preferred Shares held in treasury.

### ***Variation of rights***

Any change in the preferences or advantages of our Preferred Shares or the creation of a class of Shares having priority over our Preferred Shares, would be subject to the veto right of the holder of our Golden Shares. In addition to this, if the variation of rights would be prejudicial to the interests of those holders or would result in changes to the relative ratios between the different classes of Preferred Shares, the Special Approval of our Shareholders in a general meeting and the Special Approval of the holders of a majority of the outstanding Preferred Shares pertaining to the class(es) negatively affected, voting as a class at a special meeting, is required. Any other changes to class rights which are not considered to be prejudicial to the interests of the relevant class of Shareholders do not require a separate class vote and only require the Special Approval of Shareholders in a general Shareholders' meeting.

### ***Reduction of capital***

Our Company may reduce its share capital if it is authorised to do so by the Simple Approval of Shareholders attending a meeting constituted with a Special Quorum. Our Company must ensure that a resolution to reduce its share capital abides by the principle of equal treatment and must not be limited to certain classes of Shares. The minutes of the general Shareholders' meeting at which the capital reduction was approved must be published. Following publication, our creditors will have 60 days to oppose any capital reduction pursuant to which we would be returning cash or assets to our Shareholders. Upon expiration of the creditors' opposition period, the minutes of the general Shareholders' meeting must be filed with the Registry of Commerce. The capital reduction will be completed upon registration with the Registry of Commerce.

### **Share option schemes**

Pursuant to the CVM Rules, any share option scheme to be adopted by us and any share option scheme which involves the grant of share options over our Shares by any of our Subsidiaries must be approved by our Shareholders at a general Shareholders' meeting. The general Shareholders' meeting must approve the main provisions of the share option scheme, including the group of beneficiaries, the maximum number of options that can be issued and the maximum number of Shares that can be subscribed or purchased by the beneficiary as a result of the exercise of such options.

In addition, we must include the following information on the relevant stock option plan(s) in our Annual Disclosure Document:

- (i) the participants of the scheme and the basis of their eligibility;
- (ii) the total number of securities that may be issued upon exercise of all options to be granted under the scheme (which must not exceed the authorised share capital previously approved by our Shareholders and set forth in the By-laws);
- (iii) the vesting period;
- (iv) the basis of determination of the exercise price;
- (v) restrictions on the transfer of shares issued upon the exercise of share options;
- (vi) the life of the scheme; and
- (vii) the circumstances under which the scheme will expire.

Where any of our Directors, Executive Officers, members of the executive committees or employees have been granted stock option(s) under the stock option plan, we must disclose such stock option(s) granted in our Annual Disclosure Document. Our Annual Disclosure Document must also include details of any impact that the share options granted under the share option scheme may have on the compensation paid to Directors and Executive Officers.

The Corporations Act also prohibits any Director to whom share options are proposed to be granted from voting in the Directors' meeting at which the grant of options to him is to be approved.

We have provided undertakings to the Stock Exchange with respect to any share option schemes we may adopt in future. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed, we have undertaken to ensure that if and when we have adopted a stock option plan, no stock option will be granted: (i) after a Material Fact (as defined in “Brazilian Regulatory Provisions — Disclosure of information” below) has arisen until a notice of Material Fact has been published; or (ii) during the period of 30 days immediately preceding the publication of our quarterly financial statements and annual financial statements.

## **Warrants**

Under the Corporations Act, all warrants to subscribe for shares (*bônus de subscrição*) in a listed company must be approved by shareholders in general meeting, unless the board of directors has been given the express authority to approve the issue of warrants under the by-laws. Such authority shall be limited to the authorised share capital specified in the by-laws of the company, that is, the shares to be issued on exercise of the warrants granted, together with the shares already in issue, shall not exceed the authorised share capital.

In the event that any warrant is to be issued, whether approved by our Board or our Shareholders, and the Shares to be issued on exercise of such warrant, together with the Shares already in issue, exceed the authorised share capital specified in the By-laws, prior Shareholders’ approval for the increase of the authorised share capital is required by way of amendment of the bylaws. A Simple Approval at a general meeting at which a Special Quorum is present is required. A management proposal must be published on the websites of CVM and BM&FBOVESPA at the same time as the publication of the notice of the meeting.

Our Fiscal Council must opine on the management proposal on any issue of warrants. However, it has no power to approve or veto any issue of warrants.

Subject to certain exceptions, our Shareholders generally have the pre-emptive right to subscribe for any new warrants issued.

## **Voting rights**

### ***Right to vote on the election and removal of members of the Board of Directors***

Holders of the Common Shares have full voting rights with respect to the election and removal of the Directors. In addition, the Corporations Act and our By-laws provide that the majority of holders of the Common Shares (other than the Controlling Shareholder) in attendance at a Shareholders’ meeting called to elect members of the Board with a holding of at least 15% of the total number of the Common Shares in issue may, separately, elect and remove one Director (and his alternate).

Holders of the Preferred Shares are only entitled to restricted voting rights on the election and removal of the Directors. The Corporations Act and our By-laws provide that the majority of holders of the Preferred Shares (other than the controlling Shareholder) in attendance at a Shareholders’ meeting called to elect members of the Board with a holding of at least 10% of the total number of Shares in issue may, separately, elect and remove one Director (and his alternate). Otherwise, holders of the Preferred Shares are not entitled to vote on the election or removal of the Directors.

If, at any time, holders of the Common Shares (other than the controlling Shareholder) in attendance at a Shareholders' meeting called to elect members of the Board represent less than 15% of the total number of the Common Shares in issue, and holders of the Preferred Shares (other than the controlling Shareholder) in attendance at such Shareholders' meeting represent less than 10% of the total number of Shares in issue, then any of the non-controlling holders of the Common Shares or Preferred Shares who, together, have a combined holding of at least 10% of the total number of Shares in issue may, separately, elect and remove one Director (and his alternate).

The above restriction on the voting rights of the Preferred Shares will cease to apply if our Company fails to pay the minimum annual non-cumulative preferential dividend payable to the holders of the Preferred Shares (see below) for three consecutive financial years until such dividend is fully paid.

#### ***Right to vote on the election and removal of members of the Fiscal Council***

Holders of the Common Shares have full voting rights with respect to the election and removal of members of the Fiscal Council. In addition, the Corporations Act and our By-laws provide that the majority of holders of the Common Shares (other than the Controlling Shareholder) in attendance at a Shareholders' meeting called to elect members of the Fiscal Council with a holding of at least 10% of the total number of the Common Shares in issue may, separately, elect and remove one member of the Fiscal Council (and his alternate).

Holders of the Preferred Shares are, however, only entitled to restricted voting rights on the election and removal of members of the Fiscal Council. The Corporations Act and our By-laws provide that holders of the Preferred Shares have the right to elect and remove only one member of the Fiscal Council (and his alternate). Otherwise, holders of the Preferred Shares are not entitled to vote on the election or removal of members of the Fiscal Council.

The above restriction on the voting rights of the Preferred Shares will cease to apply if our Company fails to pay the minimum annual non-cumulative preferential dividend payable to the holders of the Preferred Shares for three consecutive financial years until such dividend is fully paid.

#### **Right to preferential dividend**

Holders of the Preferred Shares are entitled to a minimum annual non-cumulative preferential dividend equivalent to (i) at least 3% of the book value per Share, calculated in accordance with our financial statements, which serve as reference for the payment of dividends; or (ii) 6% of their pro rata share of our total paid-up capital, whichever is higher.

The amount of dividends declared by our Company in any year must first be applied to satisfy the preferential dividend payable on the Preferred Shares. Any dividend remaining will then be paid to the holders of the Common Shares up to an amount equivalent to the total preferential dividend paid on the Preferred Shares. Any further amount of dividend remaining will then be distributed among holders of the Common Shares and Preferred Shares on a pro rata basis.

#### **Right to veto certain matters**

In addition to the different rights attached to the Preferred Shares described above, the Golden Shares also carry the right to veto the following matters in our general meeting and neither the Class A Preferred Shares nor the Common Shares carry this right:

- any change in our Company’s name;
- any change in the location of our Company’s head office;
- any change in the corporate purpose of our Company with reference to mineral exploitation;
- the winding up of our Company;
- the sale or cessation of the activities of any part or the whole of the following components of our integrated iron ore systems:
  - mineral deposits, reserves and mines;
  - railways; or
  - ports and maritime terminals;
- any alteration to the rights assigned to the classes of Shares issued by our Company under the By-laws; and
- any alteration to any of the rights assigned to the Golden Shares, including the veto rights described in this paragraph.

## **Distributions**

### ***Calculation of distributable amount***

At each annual Shareholders’ meeting, our Board is required to recommend, based on the Executive Officers’ proposal, how to allocate our earnings for the preceding fiscal year. Pursuant to the Corporations Act, a company’s net income after income taxes and social contribution taxes for such fiscal year, net of any accumulated losses from prior fiscal years and amounts allocated to employees’ and management’s participation in earnings represents its “net profits” for such fiscal year. In accordance with the Corporations Act, an amount equal to our net profits, as further reduced by amounts allocated to the legal reserve, the fiscal incentive investment reserve, the contingency reserve or the unrealised income reserve established by our Company in compliance with applicable law and increased by reversals of reserves constituted in prior years, is available for distribution to Shareholders in any given year. Such amount, being the adjusted net profits, is the distributable amount. We may also establish discretionary reserves, such as reserves for investment projects.

The Corporations Act provides that all discretionary allocations of net profits, including discretionary reserves, the contingency reserve, the unrealised income reserve and the reserve for investment projects, are subject to approval by our Shareholders voting at the annual meeting and can be transferred to capital or used for the payment of dividends in subsequent years. The fiscal incentive investment reserve and legal reserve are also subject to approval by our Shareholders voting at the annual meeting and may be transferred to capital but are not available for the payment of dividends in subsequent years.

The sum of profit reserves, except for the contingency reserve, the tax incentive investment reserve and the unrealised profit reserve, may not exceed the amount of our paid-in capital. When such limit is reached, our Shareholders may vote to use the excess to pay in capital, increase capital or distribute dividends. Our calculation of net profits and allocations to reserves for any fiscal year are determined on the basis of financial statements prepared in accordance with the Corporations Act. Our consolidated financial statements have been prepared in accordance with U.S. GAAP and, although our



allocations to reserves and dividends will be reflected in these financial statements, investors will not be able to calculate such allocations or required dividend amounts from our consolidated financial statements.

### ***Mandatory dividend***

The Corporations Act and the By-laws prescribe that we must distribute to our Shareholders in the form of dividends or interest on Shareholders' equity an annual amount equal to not less than 25% of the distributable amount, referred to as the mandatory dividend, unless our Board advises our Shareholders at our general Shareholders' meeting that payment of the mandatory dividend for the preceding year is inadvisable in light of our financial condition. To date, our Board has never determined that payment of the mandatory dividend was inadvisable. Our Fiscal Council must review any such determination and report it to our Shareholders. In addition to the mandatory dividend, our Board may recommend to our Shareholders payment of dividends from other funds legally available for such purpose. Any payment of interim dividends will be netted against the amount of the mandatory dividend for that fiscal year. Our Shareholders must also approve the recommendation of our Board with respect to any required distribution. The amount of the mandatory dividend is subject to the size of the legal reserve, the contingency reserve, and the unrealised income reserve. The amount of the mandatory dividend is not subject to the size of the discretionary depletion reserve.

### ***Dividend preference of Preferred Shares***

Pursuant to the By-laws, holders of our Preferred Shares are entitled to a minimum annual non-cumulative preferential dividend equal to (i) at least 3% of the book value per share, calculated in accordance with the financial statements which serve as reference for the payment of dividends, or (ii) 6% of their pro rata share of our paid-in capital, whichever is higher. The amount of dividends declared by our Company in any year must first be applied to satisfy the preferential dividend payable on our Preferred Shares. Any dividend remaining will then be paid to the holders of our Common Shares up to an amount equivalent to the total preferential dividend paid on our Preferred Shares. Any further amount of dividend remaining will then be distributed among holders of our Common Shares and Preferred Shares on a pro rata basis.

Holders of our Common Shares are not entitled to any preference relating to our Company's dividends or other distributions.

Pursuant to the Corporations Act, dividends are payable to the persons appearing in our Company's share register as Shareholders on the date of the resolution approving the distribution. Our Company must pay any declared dividend within 60 days from the date of the approval of the distribution, unless our Shareholders decide by Simple Approval in a general Shareholders' meeting to set a later date. Notwithstanding any resolution passed, dividends must be paid within the fiscal year in which they have been declared. In addition, dividends relating to the unrealised profit reserve are payable as soon as such profit becomes available for distribution.

### ***Distributions classified as shareholders' equity***

Brazilian companies are permitted to pay limited amounts to shareholders and treat such payments as an expense for Brazilian income tax purposes. The By-laws provide for the distribution of interest on Shareholders' equity as an alternative form of payment to Shareholders. The interest rate applied is limited to the Brazilian long-term interest rate for the applicable period. The deduction of the

amount of interest paid cannot exceed the greater of (1) 50% of net income (after the deduction of the provision of social contribution on net profits and before the deduction of the provision of the corporate income tax) before taking into account any such distribution for the period in respect of which the payment is made; or (2) 50% of the sum of retained earnings and profit reserves. Any payment of interest on Shareholders' equity is subject to Brazilian withholding income tax. Under the By-laws, the amount paid to Shareholders as interest on Shareholders' equity (net of any withholding tax) may be included as part of any mandatory and minimum dividend. Under the Corporations Act, we are obligated to distribute to Shareholders an amount sufficient to ensure that the net amount received, after payment by us of applicable Brazilian withholding taxes in respect of the distribution of interest on Shareholders' equity, is at least equal to the mandatory dividend.

## **Management**

### ***Board of Directors***

Our Board sets general guidelines and policies for our Company's business and monitors the implementation of those guidelines and policies by our Executive Officers. However, our Shareholders must approve certain matters, such as changes to the share capital and the election and re-election of our Board. Our Board may appoint Directors to fill vacancies until the next general Shareholders' meeting. The By-laws provide that our Board shall comprise eleven members and their respective alternates. Each Director (and his alternate) is elected for a two-year term at a general Shareholders' meeting, may be re-elected, and is subject to removal at any time.

Our Board holds meetings on a monthly basis and additional meetings when called by the Chairman, Vice-Chairman or any two Directors. Meetings of our Board require a quorum of a majority of our Directors and decisions are taken by majority vote. Alternate Directors may attend and vote at meetings in the absence of the Director for whom the alternate Director is acting.

As a general rule, the execution of any agreement and the undertaking of any obligation on behalf of our Company is attributed to our Executive Officers. The By-laws provide that the execution of transactions exceeding certain thresholds set forth by our Board is subject to Board approval. The Executive Officers may exercise all the powers of our Company to borrow money and to mortgage or charge any of its assets subject to certain thresholds set out in the By-laws.

### ***Appointment of Directors***

Please refer to "Voting Right" above for details on our Shareholder's rights to vote on the election and removal of members of our Board of Directors. In addition to these rights, the By-laws provide that our employees may appoint one Director at a separate election.

Under the Corporations Act, Shareholders representing 5% of our voting share capital have the right to request a multiple voting system on election of Directors. Where the multiple voting system is used, each Shareholder is entitled to exercise the number of votes equal to the number of Directors being appointed for each Share held. Shareholders are free to allocate their votes to one candidate or divide them among some or all candidates.

In order to be appointed as a Director, a person may not:

- (a) have been disqualified from holding office as a member of the board of directors or board of executive officers of any company by law or by decision of CVM;
- (b) have been sentenced for bankruptcy offence, fraud, bribery or corruption, misappropriation of public funds or embezzlement, crimes against the national economy, indecency or public property, or to any criminal sanction which precludes, even temporarily, access to public office.

There is no requirement under Brazilian law for a Director to retire upon reaching a certain maximum age.

Any person who holds a position in a company engaged in a competing business or has conflicting interests with our Company will not be eligible to be appointed as a Director unless special authorisation is granted by our Shareholders in a general Shareholders' meeting.

### ***Remuneration of Directors***

*Please refer to the section in the Listing Document headed "Directors, Executive Officers, Committees and Staff— Management Compensation" for the details of the remuneration of Directors, Directors' interests in contracts*

In accordance with the requirements of the Corporations Act, if a Director has a conflict of interest with our Company in connection with any proposed transaction, he may not vote, intervene or take any action to direct any decision of our Board regarding such transaction and must disclose the nature and extent of the conflicting interest for record in the minutes of the meeting of the Board at which such transaction is considered. In any case, a Director may not transact any business with our Company, except on reasonable or fair terms and conditions that are identical to the terms and conditions prevailing in the market or offered by unrelated parties.

### ***Directors' power to vote on own terms of appointment***

A Director may vote on and be counted in the quorum in relation to any resolution presented at the general Shareholders' meeting concerning his appointment as a Director, or the settlement or variation of the terms or the termination of his appointment as a Director. As the By-laws do not provide for a Director's appointment contract to be approved by our Shareholders, it may also be approved by the Board and the rules on conflict of interests will apply, such that (i) any Director whose appointment contract is to be approved by the Board may not vote or by any means intervene in the relevant resolution approving his appointment contract; and (ii) the contract must be entered into on regular commercial terms.

### ***Loans to Directors***

Our Company may grant loans (or any comparable benefits, including guarantees for a loan granted by a third party) to any of its managers (who include Directors or employees of our Company) if: (i) such transaction is approved by Shareholders in a general Shareholders' meeting or by the Board; (ii) such transaction is entered into on an arm's length basis; and (iii) the relevant manager does not intervene or take any action to direct our Company to undertake an obligation for his benefit (for example, by means of approving a resolution authorising the execution of the agreement or executing the agreement on our Company's behalf).

Under Brazilian law, if a Director or manager of our Company attempts to conceal his conflicting interests by means of using a legal entity or another individual to enter into an agreement with our Company on his behalf, the resulting transaction would be considered fraudulent and, thus, null and void. The relevant Director or manager would have to disgorge all benefits arising out of the transaction and would be subject to the applicable sanctions.

In addition, pursuant to the Exchange Act and subject to certain exceptions, we are prohibited from, directly or indirectly, including through any subsidiary, (i) extending or maintaining credit, (ii) arranging for the extension of credit, or (iii) renewing an extension of credit in the form of a personal loan to or for any of our Directors or Executive Officers (or equivalent thereof).

We have provided undertakings to the Stock Exchange in respect of loans being made to Directors or their related parties. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed and subject to certain limited exceptions, we have undertaken to not make any loan, or provide guarantee or security, to a related party of any of our Directors, being:

- (i) the spouse, child or step-child (under the age of 18 years) (the **Relatives**) of such Director;
- (ii) a person acting in his capacity as the trustee (other than as trustee under an employees' share scheme or pension scheme) of any trust the beneficiaries of which include the Director or his Relatives or the terms of which confer a power on the trustees that may be exercised for the benefit of the Director or his Relatives; and
- (iii) a person acting in his capacity as partner of that Director or of his Relatives, or of any trustees referred to in (ii) above.

#### ***Payments to Directors for loss of office***

In accordance with the Corporations Act, we must obtain the approval of our Shareholders in our annual general meeting of the total aggregate amount proposed to be paid to the Directors, Executive Officers and members of any advisory committee of our Company in the current financial year. Any compensation payable for loss of office or in connection with the retirement of any Director will have to be paid out of such amount.

#### ***Fiscal Council***

We have established a Fiscal Council on a permanent basis pursuant to the By-laws in accordance with Brazilian law. The primary responsibilities of the Fiscal Council are to monitor the activities of our executive management, review our financial statements and report its findings to the Shareholders. We are required by both SEC and the NYSE listed company audit committee rules to comply with the United States Exchange Act Rule 10A-3, which requires, absent an exemption, a standing audit committee composed of members of the Board of Directors that meet specified requirements. In lieu of establishing an independent audit committee, we have given our Fiscal Council the necessary responsibilities to qualify for the exemption set forth in the United States Exchange Act Rule 10A-3(c)(3). These responsibilities include:

- (a) establishing procedures for the receipt, retention and treatment of complaints related to accounting, controls and audit issues, as well as procedures for confidential or anonymous submission of concerns of such matters;
- (b) recommending and assisting the Board in the appointment, establishment of compensation and dismissal of the independent auditors;
- (c) pre-approving services to be rendered by the independent auditors;
- (d) overseeing the work performed by the independent auditors, with powers to suspend the payment of compensation to the independent auditors; and
- (e) resolving disagreements between our management and the independent auditors regarding financial reporting.

The Fiscal Council is responsible for monitoring the activities of the executive management, reviewing financial statements and reporting its findings to our Shareholders. It also performs the role of an audit committee under the NYSE rules.

Our By-laws provide that the Fiscal Council is to be made up of three to five members. The Common Shares and the Preferred Shares carry different voting rights with respect to the election of members of the Fiscal Council. Please see above for more details on the right to vote on the election and removal of members of the Fiscal Council.

Members of the Fiscal Council must meet certain eligibility requirements under the Corporations Act. These include: (i) no member of the Fiscal Council may hold office, concurrently, as a member of the Board of Directors, fiscal council or any advisory committee of any company whose business competes with our business or otherwise has any conflicting interest with our Company, unless an express waiver is granted by Shareholders in general meeting; (ii) no member of the Fiscal Council may be an employee or a member of the management of our Company or any of our subsidiaries or affiliates; and (iii) no member of the Fiscal Council may be a spouse or relative within the third degree by affinity or consanguinity of any Director or Executive Officer.

We believe the Fiscal Council satisfies the independence and other requirements of the Exchange Act Rule 10A-3 that would apply in the absence of our reliance on the exemption.

### ***Board of Executive Officers***

The Board of Executive Officers is responsible for our day-to-day operations and reports to the Board of Directors.

Under our By-laws, the Board of Executive Officers is to be made up of six to eleven members, one of whom shall be the Chief Executive Officer. Members of the Board of Executive Officers are elected by the Board of Directors.

## Meetings

A general Shareholders' meeting is to be convened whenever necessary, and at least once a year, to decide on matters relating to our corporate purpose and to pass such resolutions as Shareholders may deem necessary.

Pursuant to the Corporations Act, Shareholders voting at a general Shareholders' meeting have the power, among others, to:

- amend the By-laws;
- elect or dismiss members of the Board and members of our Fiscal Council at any time;
- establish the remuneration of senior management and members of our Fiscal Council;
- receive annual reports by management and accept or reject management's financial statements and recommendations including the allocation of net profits and the distributable amount for payment of the mandatory dividend and allocation to the various reserve accounts;
- authorise the issuance of convertible and secured debentures;
- suspend the rights of a Shareholder who is in default of obligations established by law or the By-laws;
- accept or reject the valuation of assets to be contributed by a Shareholder in consideration for issuance of capital stock;
- pass resolutions to reorganise the legal form of our Company, to merge, consolidate or divide our Company, to dissolve and liquidate our Company, to elect and dismiss our liquidators and to examine their accounts; and
- authorise management to file for bankruptcy or to request a creditors' reorganisation.

According to the Corporations Act, all Shareholders' meetings, including the annual Shareholders' meeting, are to be convened by publishing, no fewer than 15 days prior to the scheduled meeting date and no fewer than three times, a notice in the *Diário Oficial do Estado do Rio de Janeiro* and in a newspaper in general circulation in Rio de Janeiro where we have our registered office. Our Shareholders have previously designated *Jornal do Commercio* for this purpose. Also, because our Shares are traded on BM&FBOVESPA, our Company publishes its notice of Shareholders' meetings in a Sao Paulo-based newspaper and DCI was designated for this purpose. Such notice must contain the agenda for the meeting and, in the case of an amendment to the Bylaws, an indication of the subject matter. Under the By-laws, the holder of our Golden Shares is entitled to a minimum of 15 days prior notice to its legal representative of any general Shareholders' meeting to consider any proposed action that may be subject to the veto rights attached to the Golden Shares.

A Shareholders' meeting may be constituted by an Ordinary Quorum, except for meetings convened to amend the By-laws, which require a Special Quorum. If no such quorum is present, notice must again be given in the same manner as described above except that only 8 days' prior notice will be required, and a meeting may then be convened without any specific quorum requirement, subject to the minimum voting requirements for certain matters, as discussed below. A Shareholder who does not have the right to vote on any matter to be considered at a general Shareholders' meeting in the

circumstances set out below may still attend the meeting and take part in the discussion of matters tabled for consideration.

We have provided undertakings to the Stock Exchange in respect of the length of the notice period required for the convening of a general Shareholders' meeting. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed, we have undertaken to (i) follow strictly the recommendation of CVM to give at least 30 days' notice of any general meeting to our Shareholders; and (ii) where any general Shareholders' meeting is adjourned, give at least 15 days' notice to reconvene the meeting.

Except as otherwise provided by law, resolutions of a Shareholders' meeting are passed by Simple Approval, and any abstentions are not taken into account for voting purposes. Under the Corporations Act, Special Approval is required for the matters described below, as well as, in the case of clause (i) and clause (ii), approval by a majority of the holders of any class of Preferred Shares whose interests are adversely affected:

- (i) creating a new class of preferred shares or disproportionately increasing an existing class of preferred shares relative to the other classes of Shares, other than to the extent permitted by the By-laws;
- (ii) changing a priority, preference, right, privilege or condition of redemption or amortisation of any class of preferred shares or creating any class of non-voting preferred shares that has a priority, preference, right, condition or redemption or amortisation superior to an existing class of shares, such as our Preferred Shares;
- (iii) reducing the mandatory dividend;
- (iv) changing the corporate purposes;
- (v) merging our Company with another company or consolidating or dividing (*cisão*) our Company;
- (vi) dissolving or liquidating our Company;
- (vii) participating in a centralised group of companies as defined under the Corporations Act; and
- (viii) authorising any ongoing liquidation of our Company.

Whenever our Shareholders are entitled to vote, each Share is entitled to one vote. Under Brazilian law, a Shareholder is required to abstain from voting only under the following circumstances:

- (a) where our financial statements have been prepared by management and are to be approved by Shareholders at a general meeting, members of the management who are also Shareholders are required to abstain from voting on the resolution approving the financial statements;
- (b) where there is an injection of assets by a Shareholder into our Company in consideration for the issue of new Shares, the Shareholder who is injecting the assets is

required to abstain from voting on the resolution approving the valuation report on those assets; and

- (c) where a resolution purports to grant to a Shareholder or group of Shareholders an economic benefit which will not be extended to the other holders of Shares of the same type or class, the Shareholder(s) who is/are to receive the economic benefit is/are required to abstain from voting on such resolution.

In addition, in the three scenarios mentioned above, if (i) a resolution is approved in a general Shareholders' meeting due to the affirmative vote of a Shareholder or group of Shareholders acting in concert and (ii) on a case-by-case analysis, such Shareholder or Shareholders are proved to be in conflict of interest with our Company, the resolution may be annulled.

Annual Shareholders' meetings must be held by 30 April of each year. Shareholders' meetings are called, convened and presided over by the chairman or by the vice-chairman of our Board. In the case of the temporary absence or unavailability of the chairman or vice-chairman of the Board, Shareholders' meetings may be chaired by their respective alternates, or in the absence or unavailability of such alternates, by a Director especially appointed by the chairman of the Board. A Shareholder may be represented at a general Shareholders' meeting by an attorney-in-fact appointed not more than one year before the meeting, who must be a Shareholder, a Company officer or a lawyer. For a public company, such as our Company, the attorney-in-fact may also be a financial institution.

We have provided undertakings to the Stock Exchange in respect of the content of the notice of a general Shareholders' meeting. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed, we have undertaken to include a statement in reasonable prominence in each notice of general Shareholders' meeting that a Shareholder entitled to attend and vote at the general meeting is entitled to appoint an attorney-in-fact or, where permitted, more than one attorney-in-fact, to attend and vote instead of him.

## **Shareholder protection**

### ***Statutory derivative action***

Under the Corporations Act, Shareholders who, together, hold at least 5% of the total issued shares of our Company (including non-voting shares) have the right to request our Board to convene a general Shareholders' meeting. They are required to give the reasons for the request and the proposed agenda of the meeting. If any such Shareholders consider that a transaction is not in the best interests of our Company or that the management of our Company has abused its power in any way, they may request the Board to convene a general Shareholders' meeting to put forward the matter for deliberation by the Shareholders. If a majority of Shareholders present at the meeting resolves that the transaction under consideration is not in the best interests of our Company or that the management has abused its power, our Company may file a claim against its Directors, Executive Officers and/or other managers. If our Company fails to do so within 90 days from the date of the general Shareholders' meeting, Shareholders holding at least 5% of the total issued share capital of our Company may file the claim on behalf of our Company. In addition, any Shareholder who has directly suffered any loss as a result of the management's misconduct may file a legal claim directly (as opposed to a derivative action) against the management.



### ***Protection of minorities***

Our Common Shares and Preferred Shares are not redeemable, except that a dissenting Shareholder is entitled under the Corporations Act to obtain redemption upon a decision made at a Shareholders' meeting by Shareholders representing the majority of the voting Shares:

- (1) to create a new class of preferred shares or to disproportionately increase an existing class of Preferred Shares relative to the other classes of Shares (unless such actions are provided for or authorised by the By-laws);
- (2) to modify a preference, privilege or condition of redemption or amortisation conferred on one or more classes of preferred shares, or to create a new class with greater privileges than the existing classes of Preferred Shares;
- (3) to reduce the mandatory distribution of dividends;
- (4) to change our corporate purposes;
- (5) to merge with another company or to consolidate or divide our Company;
- (6) to transfer all of our Shares to another company in order to make us a wholly-owned subsidiary of such company (that is, a stock merger);
- (7) to approve the acquisition of control of another company at a price which exceeds certain limits set forth in the Corporations Act;
- (8) to approve our participation in a centralised group of companies as defined under the Corporations Act; or
- (9) in the event that the entity resulting from (a) a merger, (b) a stock merger or (c) a spin-off that we conduct fails to become a listed company within 120 days of the general Shareholders' meeting at which such decision was taken.

Only holders of Shares adversely affected by the changes mentioned in items (1) and (2) above may require us to redeem their Shares. The right of redemption mentioned in items (5), (6) and (8) above may only be exercised if our Shares do not satisfy certain tests of liquidity, among others, at the time of the Shareholders' resolution. The right of redemption lapses 30 days after publication of the minutes of the relevant general Shareholders' meeting, unless, in the case of items (1) and (2) above, the resolution is subject to confirmation by the preferred Shareholders (which must be made at a special meeting to be held within one year), in which case the 30-day term is counted from the publication of the minutes of the general Shareholders' meeting.

We would be entitled to reconsider any action giving rise to redemption rights within 10 days following the expiration of such rights if the redemption of Shares by dissenting Shareholders would jeopardise our financial stability. Any redemption pursuant to the Corporations Act would be made at no less than the book value per share, determined on the basis of the last balance sheet approved by Shareholders; provided that if the general Shareholders' meeting giving rise to redemption rights occurred more than 60 days after the date of the last approved balance sheet, a Shareholder would be

entitled to demand that his or her shares be valued on the basis of a new balance sheet dated within 60 days of such general Shareholders' meeting.

## **General**

### ***Powers of subsidiaries to own Shares in our Company***

Under Brazilian law, a subsidiary may purchase shares issued by its parent company, but it will be subject to the same restrictions applicable to the repurchase by our Company of its own Shares. For further details, please see section "Purchase by our Company of its own securities" below.

### ***Procedures on liquidation***

Special Approval of our Shareholders is required to pass a resolution to wind up our Company. The holder of our Golden Shares also has the right to veto the voluntary winding up of our Company.

In the event of a winding-up or liquidation, surplus assets would be distributed to Shareholders in proportionate to the interests held by each of them in our Company's share capital.

## **BRAZILIAN REGULATORY PROVISIONS**

### **Share offerings**

#### ***Private offering of Shares***

A private offering for subscription of shares by a listed company in Brazil occurs when the offering is extended only to its existing shareholders on a pro rata basis. Shareholders are free to transfer the subscription rights to third parties in the market. Shares not taken up will be allotted to other existing shareholders who have expressed an intention to subscribe for the untaken shares or sold by the company in the market.

Pursuant to the Corporations Act, we may increase our share capital by passing a Shareholders' resolution at a general Shareholders' meeting or, where Shares are being issued pursuant to the authorised share capital, by a resolution passed by our Board of Directors. Where a capital increase is to be specifically approved by our Shareholders at a general Shareholders' meeting, the approval by a Special Quorum and Simple Approval is required.

If we were to conduct a private offering of our Shares, we would have to publish a management proposal on the websites of CVM and BM&FBOVESPA before or at the same time as the publication of the call notice for the general Shareholders' meeting. If our Board approves the capital increase, CVM does not require the publication of a management proposal.

After approval of the capital increase, our Company must publish a press announcement setting out the key terms of the capital increase. CVM does not prescribe a minimum content for the notice to Shareholders but the notice is expected to provide Shareholders with sufficient information in order to make an informed decision on whether or not to participate in the capital increase. Our Company is not required to seek prior authorisation from CVM or to release an offering memorandum.

Within seven business days after the Shares have been issued, our Company must update and issue its Annual Disclosure Document to reflect the change in its issued share capital.

### ***Public offering of Shares***

A public offering for subscription of shares by a listed company in Brazil occurs when the offering is marketed to an uncertain number of investors, irrespective of the types of investors, by way of the publication of a prospectus.

Any public offering of shares in Brazil must be registered with CVM. If we were to conduct a public offering of our Shares, we must obtain the prior approval of CVM and BM&FBOVESPA and publish an offering memorandum. Our Company must also publish two notices describing the terms of the offering and the methods for subscription of the offered Shares.

The first notice (*Aviso ao Mercado*, a Notice to the Market) states our Company's intention of effecting a public offering (including the conditions for suspension and cancellation of the offering) and indicates the documents which non-institutional investors must file in order to make a reservation request for the amount of Shares they intend to subscribe for. The second notice (*Anúncio de Início*, a Notice of Commencement) states the price per Share and the commencement of the offering. In addition, it is likely that we would also have to publish notices of Material Fact upon the disclosure of the intention to launch a public offer and the commencement of the offering.

Under the BM&FBOVESPA Rules, our Company must, on the day after completion of the public offering, convene a meeting of our Board or a general Shareholders' meeting in order to approve the number of issued Shares that have been subscribed for under the public offering. The minutes of the meeting will specify the total number and class of Shares issued and the total amount of the funds which will be raised. These minutes must be published on the websites of CVM and BM&FBOVESPA on the same day on which the meeting is held.

In addition, three days after completion of the public offering (being the settlement date of the public offering), our Company may convene a meeting of our Board or a general Shareholders' meeting in order to confirm completion of the capital increase. Upon completion of the Share issue, our Company must announce the results of the public offering, which must include, among other information, the number of Shares issued and the price per Share.

Within seven business days after the Shares have been issued, our Company must update and issue its Annual Disclosure Document to reflect the change in its issued share capital.

### ***Capitalisation issue***

In Brazil, a company whose shares do not have any par value (as in the case of our Company) may undertake a capitalisation issue by capitalising its reserves or profits, thereby increasing the amount of paid-up capital represented by each share in issue but not, however, increasing the number of shares in issue. It will involve an amendment of the by-laws of the company and hence, will require approval by the shareholders. The company is required to publish a management proposal disclosing the reasons for the capital increase and setting out the proposed amendments at the same time as the publication of the notice convening the shareholders' meeting at which such amendments are to be approved. The company must publish the minutes of the relevant meetings on the websites of CVM and

BM&FBOVESPA and in the designated newspapers within seven business days of the local commercial registry granting registration of the respective minutes.

### **Exchange issue**

Under Brazilian law, an exchange issue by a company is required to be approved by its shareholders since it will involve an amendment of its by-laws and may also involve a change in the rights attached to the existing class of shares. The company is required to publish a management proposal disclosing the reasons for conducting the exchange issue and setting out the proposed amendments at the same time as the publication of the notice convening the shareholders' meeting at which such amendments are to be approved.

### **Disclosure of information**

Our Company is required to keep CVM and the market informed immediately after the occurrence of any material fact, which may include: (i) any resolution passed at a general Shareholders' meeting or any meeting of our Board; or (ii) any decision made by the Board of Executive Officers or the Controlling Shareholder of our Company; or (iii) any other act or fact of political, economic, administrative or technical nature, provided that it materially affects: (a) the price of the securities of our Company or securities related to our Company; (b) the decision of investors to purchase, sell or hold the securities of our Company or securities related to our Company; or (c) the decision of the investors to exercise any rights attached to the securities of our Company or securities related to our Company (each, a **Material Fact**). Under certain circumstances, the management of our Company may decide not to disclose a Material Fact to protect our best interest. However, such Material Fact must be immediately disclosed in the event that there is any partial or full leakage to the market.

Our Company must also include in its annual and quarterly financial statements and/or the Annual Disclosure Document, a description of any Material Fact that was disclosed if such Material Fact has had an impact or continues to have an impact on the financial position of our Company for the period covered by the annual or quarterly financial statements or the Annual Disclosure Document, as the case may be.

### **Major acquisitions**

A major acquisition entered into by our Company has to be approved or ratified by our Shareholders by Simple Approval. Our Company has the right to elect, at its sole discretion, if the major acquisition is to be approved or ratified by our Shareholders. The acquisition will be classed as a 'major acquisition' if: (i) the purchase price constitutes a relevant investment for our Company (being 10% or more of the Shareholders' equity of our Company); or (ii) the price per share paid by our Company exceeds one and a half times of the greater of: (a) the average market price of the shares of the target entity (if listed) during the ninety trading days preceding the acquisition; (b) the net book value per share of the target entity, based on the market value of such entity's assets; and (c) the net profit per share of the target entity. If the purchase price per share exceeds one and a half times of the greater of (a), (b) and (c) above, any dissenting Shareholder has the right of redemption.

A management proposal is required to be prepared and published together with the notice of the general Shareholders' meeting convened to approve or ratify the major acquisition. The CVM Rules specify the content requirements for the management proposal, which include, *inter alia*, details of the

nature of the transaction, information on the target company, major terms of the transaction and disclosure of the costs incurred by our Company if the transaction is not completed.

Our Company is required to disclose in its Annual Disclosure Document details of all major acquisitions entered into during the last three years preceding the date of the Annual Disclosure Document.

### **Related party transactions**

Pursuant to the CVM Rules, a related party, in relation to any listed company, includes (i) any party that directly or indirectly through one or more intermediaries (a) controls, is controlled by, or is under the common control of any party who controls the listed company (this includes parent companies, subsidiaries and fellow subsidiaries); (b) has an interest in the listed company that gives it significant influence over the listed company; or (c) has joint control over the listed company; (ii) any party which is a joint venture in which the listed company is a joint venture partner; (iii) any party who is a member of the key management personnel of the listed company or its parent company; (iv) any party who is a close member of the family of any individual referred to in (i) or (iii); (v) any party which is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in the listed company resides with, directly or indirectly, any individual referred to in (iii) or (iv); or (vi) any party which operates a post-employment/retirement benefit plan for the benefit of employees of the listed company, or of any company that is a related party of the listed company.

If our Company enters into a transaction with a related party, we are required, (i) if the transaction constitutes a Material Fact, to publish a notice immediately after such transaction has been entered into; (ii) to include annually a summary in its Annual Disclosure Document of all related party transactions that have been entered into by our Company during the last three years preceding the date of the Annual Disclosure Document; and (iii) report on all related party transactions involving an amount greater than (1) R\$200,000; or (2) 1% of our Shareholders' equity of our Company, whichever is higher, to BM&FBOVESPA. Disclosures made under (i) and (ii) above, must identify the parties to the transaction and the relationship between them and also include the key terms and conditions of the transaction, such as the purpose, amounts payable, any guarantees, interest rates and termination clauses. The report to BM&FBOVESPA must include the main terms and conditions of the related party transaction, as well as the resulting influence on the management and on the business of our Company, if any.

### **Disclosure of shareholder's interests**

Pursuant to the CVM Rules, any Shareholder, or a group of Shareholders acting in concert, that acquires an interest or short position of 5% or more in any class of our Shares, depositary receipts, securities convertible into or exchangeable for shares or share subscription and acquisition rights (and any other rights attached to such securities) (the **Securities**), of our Company (a **Major Shareholder**) must send a notice to our Company informing it of such acquisition immediately after the closing of the transaction. Further, any Major Shareholder must notify our Company by way of a notice of any further acquisition or disposal of an interest or short position in 5% or more in any Securities of our Company. Our Company must disclose the information received to CVM and BM&FBOVESPA immediately upon receipt of such notice. Our Company must also update the Annual Disclosure Document and upload it on the websites of CVM and BM&FBOVESPA within seven business days after the acquisition or disposal giving rise to the notification obligation of the Major Shareholder.

## **Disclosure of director's interests**

Pursuant to the CVM Rules, each Director, Executive Officer and member of our Fiscal Council must disclose to our Company, by the tenth day of each month, his interests and short positions (and the interests and short positions held by his spouse, any individual that is financially dependent on him for tax purposes and any company directly or indirectly controlled by him, being referred to, together, as the **Relevant Persons**) in the Securities of our Company or any of its listed Controlling Shareholders and subsidiaries. Each Director, Executive Officer and member of our Fiscal Council must file an individual form with the investor relations officer of our Company within five days from the closing of such transaction. Our Company will forward the individual forms filed, as well as a consolidated form which sets out the aggregate interests and short positions in the Securities to CVM by the tenth day of the following month. The consolidated form will be published on the websites of CVM and BM&FBOVSPA by the tenth day of the following month. The Annual Disclosure Document must contain disclosure of the aggregate interests and short positions in the Securities held by all the Directors, Executive Officers, members of our Fiscal Council and their respective Relevant Persons. In addition to the requirements set out above, if any transaction entered into by any Director, Executive Officer or member of our Fiscal Council or their Relevant Persons, involves the acquisition or disposal of an interest or short position of 5% or more in any Securities, the disclosure requirements for Major Shareholders shall also apply.

## **U.S. REGULATORY PROVISIONS**

### **Listing status**

The ADSs are listed on NYSE. As a condition to listing on NYSE, securities must be registered under Section 12(b) of the Exchange Act. Accordingly, the Shares and ADSs are registered under the Exchange Act.

Our Company qualified for listing by satisfying the following criteria applicable to non-U.S. companies: (i) at least 5,000 shareholders worldwide own at least 100 company shares; (ii) at least 2,500,000 shares are held publicly worldwide; and (iii) the market value of the publicly held shares is at least US\$100 million. In addition, the listed company must satisfy one of various earnings or cash flow tests.

Maintenance of a listing requires ongoing compliance with detailed quantitative standards regarding share distribution and share price, and compliance with the rules of NYSE and SEC.

### **Principal rules and regulations**

#### ***Share offerings***

To conduct a listing in the US, an issuer must file a registration statement with SEC. The disclosure requirements of the registration statement are similar in scope to the disclosure requirements of reports on Form 20-F, which include disclosures regarding the company's operations and financial condition. For a foreign private issuer such as our Company, US law does not impose any shareholder approval requirements apart from those that may be required under the law of the issuer's home jurisdiction.

US securities laws do not impose detailed disclosure requirements for an offering unless the offering is registered with SEC. For a reporting company like our Company that is current in its reports under the Exchange Act, an unregistered offering may ordinarily be completed without any additional disclosure requirements.

Shareholder approval will not generally be required for any such issuance involving: (a) any public offering for cash; (b) any bona fide private financing, if such financing involves a sale of: (i) common stock, for cash, at a price at least as great as each of the book and market value of the issuer's common stock; or (ii) securities convertible into or exercisable for common stock, for cash, if the conversion or exercise price is at least as great as each of the book and market value of the issuer's common stock.

### ***Periodic reporting***

Pursuant to SEC's periodic reporting rules, we are required to file an annual report on Form 20-F, including audited financial statements, and current reports on Form 6-K. A foreign company such as our Company is required to disclose material information on Form 6-K whenever such information: (i) is made or is required to be made public pursuant to the law of the jurisdiction of its domicile or in which it is incorporated or organized; or (ii) is filed or required to be filed with a stock exchange on which its securities are traded and is made public by that exchange; or (iii) is distributed to or is required to be distributed to its security holders. Material information includes, but is not limited to, interim financial information, changes in management or auditors, acquisitions or dispositions and material legal proceedings.

Exchange Act Rules 13a-15 and 15d-15 require that reporting companies maintain "disclosure controls and procedures", defined as procedures designed to ensure that information (both financial and non-financial) required to be disclosed under the Exchange Act is recorded and reported in a timely and accurate manner. Our Company's management is required to evaluate, as of the end of each fiscal year, the effectiveness of our Company's internal control over financial reporting. Management's report on the effectiveness of internal controls is required to be included in the 20-F report.

### ***Corporate governance***

NYSE requires listed companies to comply with certain corporate governance practices. Under NYSE rules, a non-U.S. company is permitted to follow home country practices in lieu of most of the NYSE corporate governance requirements applicable to U.S. companies, provided the non-U.S. company discloses any significant ways in which its home country practices differs from NYSE standards. This disclosure must be included in our annual report on Form 20-F.

The principal NYSE corporate governance rule with which a non-U.S. company must comply is the requirement to maintain an audit committee that satisfies the requirements of Exchange Act Rule 10A-3, unless the company qualifies for an exemption contained in the rule. Rule 10A-3 contains independence requirements and defines the committee's functions to include the appointment, compensation and oversight of the company's auditors. It also requires that the audit committee establish procedures for handling complaints regarding the company's accounting practices. Rule 10A-3 contains an exemption from these requirements for non-U.S. companies that have a corporate body, separate from the company's board of directors, for overseeing auditors. In reliance on the exemption in section (c)(3) of Rule 10A-3 (and in accordance with Brazilian corporate law), our Company maintains the Fiscal Council.

### ***Anti-fraud rules***

Section 10(b) of the Exchange Act and Rule 10b-5 thereunder forbid the use of manipulative or deceptive devices, including making false or misleading statements, in connection with the purchase or sale of a security. Under Rule 10b-5, an issuer, its directors, its officers, or any person who exercises control over it can be held liable for disseminating information about the company that contains material misstatements or omissions of fact, whether or not in connection with a purchase or sale of securities. Liability can be based on information filed with SEC, such as a report on Form 20-F or Form 6-K, or in public statements (including press releases).

A director, officer, or controlling person can also be held liable under Section 18 of the Exchange Act by reason of a false or misleading statement in a report on Form 20-F (but not a report on Form 6-K) to anyone who, in reliance on such information, buys or sells a security at a price affected by such information. For purposes of this rule, “insiders” include members and any alternate members of the board of directors, officers, other members of management who have access to significant corporate plans or developments, and employees and agents who owe the company a duty of confidentiality.

### **FRENCH REGULATORY PROVISIONS**

As a result of the admission to listing and trading of the ADSs on NYSE Euronext Paris, we must comply with certain French periodic and ongoing disclosure rules (for example, annual report with audited financial statements and interim financial statements) and anti-fraud rules, which prohibit market-abuse practices and devices, including insider trading, market manipulation and disclosure of false or misleading information. In general, our Company is deemed to comply with the French periodic and ongoing disclosure rules through its compliance with U.S. disclosure rules.

### **PURCHASE BY OUR COMPANY OF ITS OWN SECURITIES**

Our Company is incorporated under the laws of Brazil, where we have our head office and place of central management. We have applied for, and the SFC has issued, a ruling that we will not be treated as a public company in Hong Kong for the purposes of the Share Repurchases Code and hence, this code will not apply to our Company after the listing of the Depository Receipts on the Stock Exchange.

### ***Brazilian requirements***

Share repurchases in Brazil are governed by the CVM Rules and the Corporations Act. The Corporations Act permits listed companies to purchase its own shares or sell its treasury shares in the case of: (a) redemption, refund or amortisation set forth in law; (b) purchase and subsequent cancellation or maintenance of the repurchased shares as treasury stock (a listed company may only use its retained earnings or reserves to pay for the repurchased shares, and repurchases are limited to 10% of the company’s free float of such class of shares); (c) sale of the shares acquired in accordance with paragraph (b) above in the market; and (d) if the shareholders have approved a share capital reduction and the stock price on the market is lower than the approved price, purchase shares on the stock exchange.

All purchases and sales of a listed company’s own shares must be carried out on a stock exchange unless CVM approves otherwise. For the implementation of a stock buy-back programme, the CVM Rules require that the by-laws expressly authorise the board of directors to approve the purchase



and sale of the company's own shares. In relation to our Company, a share repurchase programme may be approved by the Board as the By-laws expressly delegates this function.

Under the CVM Rules, we would not be permitted to purchase our own Shares and maintain them as treasury stock if, among other things, the transaction would:

- (i) result in a share capital reduction;
- (ii) require the use of funds in excess of our Company's retained earnings or reserves as recorded in the most recent financial statements (and the following reserves cannot be included in the calculation of the total amount of reserves: (1) legal reserve (*reserva legal*), (2) unrealised profits reserve (*reserva de lucros a realizar*), (3) special reserve for non-paid fixed dividends, as recorded in the most recent financial statements of the Company);
- (iii) directly or indirectly create, through action or omission, any artificial demand for our Shares, any artificial market for our Shares that affects their trading and price or involves unfair market practices;
- (iv) be used to purchase unpaid Shares or Shares held by Controlling Shareholders; or
- (v) take place in the course of any public tender offer for our Shares.

The share repurchase programme must be conducted by a financial institution duly authorised by CVM to act as intermediary agent. The acquisition price cannot be higher than the market value of the shares to be purchased.

Our treasury stock may not exceed 10% of the free float of each of the class of Common Shares and Class A Preferred Shares.

Since the listing approval granted by BM&FBOVESPA to the Company was by reference to the entire class of its Common Shares and Class A Preferred Shares (including Shares held in the form of treasury stock) and not just limited to the Common Shares or Class A Preferred Shares in issue, if the Company decides to offer any treasury stock, it would not be necessary to apply to BM&FBOVESPA for the re-listing of such treasury stock.

In addition, our Company would not need to apply to BM&FBOVESPA for the treasury stock to be re-listed as such stock only had its economic and voting rights suspended for the time it was in treasury. Upon the transfer of treasury Shares to a third party, such Shares would resume the same rights afforded to Shares of the same type or class.

Under the CVM Rules, our annual and quarterly financial statements are required to disclose: (a) the purpose of any repurchase of Shares undertaken during the period covered by such financial statement; (b) the number of Shares repurchased, set out by type and class; (c) the highest, the lowest and the weighted average price paid; (d) net profit made by our Company on all sales of treasury Shares; (e) the market value of our Shares, set out by type and class, based on the last trading day of the previous fiscal year or quarterly period (as the case may be); and (f) any adjustments accrued on the price of Shares held in treasury due to inflation.

## **U.S. requirements**

Any repurchases of Shares by our Company are subject to Rule 10b-5 of the Exchange Act and the following restrictions:

- (1) on any single day, the share repurchases cannot be effected through more than one broker;
- (2) repurchases cannot be effected immediately upon the opening of trading or shortly before the closing of trading;
- (3) the purchase price cannot exceed the highest independent bid or the last independent transaction price, which is higher, at the time the repurchase is effected; and
- (4) the total volume of repurchases on any single day must not exceed 25% of the average daily trading volume reported for the security during the four calendar weeks in which the repurchase is effected.

We are required to promptly notify NYSE of all facts relating to the purchase, directly or indirectly, of any of our Shares at a price in excess of the market price of such security prevailing on NYSE at the time of such purchase. Repurchases must be disclosed in our Form 20-F, which is filed with SEC annually, including the number of Shares purchased per month and the average price paid per month.

Our Company would not need to file a registration statement with SEC for our treasury stock to be re-listed. We are, however, required to provide a notice to SEC, in advance, of any re-issue of treasury stock of a class that is already listed. When treasury stock is re-issued together with newly issued Shares, our Company may include this notification in the listing application for the newly issued Shares.

Our annual report on Form 20-F discloses, for each month of the fiscal year covered by the report: (a) the total number of Shares repurchased; (b) the average price paid per Share; (c) the total number of Shares purchased as part of a publicly announced plan; (d) the maximum number (or approximate dollar value) of Shares that may yet be purchased under the plan. With respect to Shares purchased other than through a publicly announced plan or program, we must disclose the number of Shares repurchased and the nature of the transaction.

No specific disclosures about treasury stock are required in the annual report on Form 20-F, and foreign private issuers are not required to file quarterly reports in the US. However, we report the number of Shares held in treasury in our annual and quarterly financial statements included in our reports on Form 20-F and Form 6-K, respectively.

## **French requirements**

French law provides for black-out periods during which our Company may not trade in its own securities (including ADSs). These black-out periods are (a) 15 days prior to the release of annual and quarterly results; (b) during the period from the date of the decisions of the shareholders of Valepar, (i) to modify the share capital through stock issuances (subscrição de ações), (ii) to approve a share acquisition or divestment programme by our Company; or (iii) to approve dividends or interest on the

company's capital stock, stock approve, stock derivatives, or share splits; and up to and including the date of the publication of relevant public notices or other press releases; and (c) during any other period designated by our Executive Officer for Investor Relations, upon prior authorisation by the Chairman of our Board of Directors, as requested by our Chief Executive Officer.

French law also provides for certain disclosure obligations. For share repurchases implemented on any market other than NYSE Euronext Paris, a press release would have to be issued to inform the French public of the terms and conditions of the repurchase programme and that no ADSs are repurchased on NYSE Euronext Paris. In the event that ADSs are repurchased by our Company, certain French specific disclosure obligations would be applicable.

## **TAKEOVER REGULATIONS**

Our Company is incorporated under the laws of Brazil, where we have our head office and place of central management. We have applied for, and the SFC has issued, a ruling that we will not be treated as a public company in Hong Kong for the purposes of the Takeovers Code and hence, this code will not apply to our Company after the listing of the Depositary Receipts on the Stock Exchange.

### **Brazilian requirements**

Takeover bids in Brazil are governed by the CVM Rules and the Corporations Act. The Corporations Act and the CVM Rules provide for three types of tender offers related to the acquisition of control of a listed company or any increase in shareholding by a Controlling Shareholder.

A voluntary tender offer may be made by any person, whether or not a shareholder, to acquire all or a specific percentage of shares in a listed company. In relation to our Company, a voluntary offer may be made to acquire all or a specific percentage of either our Common Shares or Class A Preferred Shares, or of both classes of Shares. There is, however, no requirement under Brazilian law that a voluntary tender offer has to be extended to all classes of Shares.

A mandatory tender offer is triggered where as a result of the acquisition of existing shares in a listed company by any person, there is a direct or indirect transfer of 'control' in the listed company to such person. Pursuant to the Corporations Act, a **Controlling Shareholder** means a person that (i) holds interests that permanently allow him to prevail in any matter to be decided at any shareholders' meeting of the company; (ii) appoints the majority of the company's managers (or if the company has a board of directors, the majority of directors, who will, in turn, appoint the executive officers); and (iii) effectively uses his power to guide the company's operations. Although the Corporations Act does not specify a percentage threshold for defining 'control', it is generally understood that, in most cases, the acquisition of more than 50% of the issued voting shares of a company would constitute control. The Corporations Act and the CVM Rules further provide that a mandatory tender offer, once triggered, must be extended to all holders of shares with unrestricted and permanent voting rights. Where a mandatory tender offer is triggered, the offeror must extend the offer to all holders of shares with unrestricted and permanent voting rights at a price that is equivalent to at least 80% of the price per share paid by the offeror to acquire the voting shares comprising the controlling block.

In relation to our Company, a mandatory tender offer will only be triggered by the acquisition of our Common Shares that results in a direct or indirect transfer of 'control' and not by the transfer of Class A Preferred Shares. Further to this, a mandatory tender offer, if triggered, would be required to be

extended only to the remaining holders of our Common Shares (and not to any holders of the Class A Preferred Shares) by the party acquiring control.

An increased ownership mandatory tender offer is triggered if the Controlling Shareholder of a listed company (that is, a shareholder who already holds more than 50% of shares with unrestricted and permanent voting rights) purchases by means other than a public tender offer, shares of any class (voting or non-voting) which represents more than one-third of the free float of that class of shares. The Controlling Shareholder will be required to make an offer to acquire all of the remaining shares of that class. In addition, if the Controlling Shareholder that holds more than 50% of the equity interest of a certain type or class of shares in issue of a company acquires, directly or indirectly, a further equity interest equivalent to 10% or more of such type or class of shares within a period of 12 months (even if such acquisition amounts to less than one-third of the free float), CVM may require, at its sole discretion, the Controlling Shareholder to launch an increased ownership mandatory tender offer. In relation to our Company, an increased ownership mandatory tender offer will only be triggered by the acquisition of further Shares in the manner described above by the Controlling Shareholder of our Common Shares.

As our Golden Shares must be owned by the Brazilian Government, none of our Golden Shares would be subject to any mandatory tender offer or voluntary tender offer.

#### **U.S. requirements**

Where the bidder, after consummation of the offer, would be the direct or indirect beneficial owner of more than 5% of any class of Shares, certain provisions of the Exchange Act apply. The provisions require certain disclosures by the bidder and management and contain certain procedural rights for the target Shareholders.

Tender offers must be open to all Shareholders of the class of Shares sought by the bidder, and the same price must be paid for all tendered Shares. The bidder is required to disclose in a filing with SEC the identity of the bidder, the target and target securities, the source and amount of funds to be used to purchase the target securities and the purpose of the offer. Management of the target is required to disclose in a filing with the SEC whether it has taken a position with respect to the bid and, if so, what that position is and management's reasons for adopting it.

#### **French requirements**

The bidder would be required to report crossing of ownership thresholds to the AMF if, after consummation of the offer, it would hold directly or indirectly more than 5% of any class of shares or voting rights of our Company.

The AMF may decide to exercise its jurisdiction and apply French takeover rules (except for the rules relating to mandatory takeover bids and squeeze-out) on the offer to the extent made in France.

#### **EXCHANGE CONTROL, REGISTRATION REQUIREMENTS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS**

Other than strategic sectors such as telecommunications, broadcasting and news media, and nuclear energy, there are no restrictions under Brazilian law on ownership of Shares in any company incorporated in Brazil (including our Company) by individuals or legal entities domiciled outside Brazil. However, the right to convert dividend payments and proceeds from the sale of Class A Preferred Shares

or Common Shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, that the relevant investment be registered with the Central Bank of Brazil. These restrictions on the remittance of foreign capital abroad could hinder or prevent the Custodian for our Class A Preferred Shares or Common Shares represented by HDRs, or holders who have exchanged HDRs for Class A Preferred Shares or Common Shares, from converting dividends, distributions or the proceeds from any sale of Class A Preferred Shares or Common Shares, as the case may be, into either HK Dollars or U.S. Dollars and remitting such HK Dollars or U.S. Dollars abroad. Delays in, or refusal to grant, any required government approval for conversions of Brazilian currency payments and remittances abroad of amounts payable to the HDR Depository could in turn adversely affect HDR Holders.

Under Resolution No. 2,689/2000, foreign investors may invest in almost all financial assets and engage in almost all types of transactions available in the Brazilian financial and capital markets, provided that certain requirements are fulfilled. In accordance with Resolution No. 2,689/2000, the definition of foreign investor includes individuals, legal entities, mutual funds and other collective investment entities, domiciled or headquartered outside Brazil.

Under Resolution No. 2,689/2000, a foreign investor must:

- (1) appoint at least one representative in Brazil, with powers to perform actions relating to its investment;
- (2) complete the appropriate foreign investor registration form;
- (3) register as a foreign investor with CVM; and
- (4) register its foreign investment with the Central Bank of Brazil.

Securities and other financial assets held by foreign investors pursuant to Resolution No. 2,689/2000 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank of Brazil or CVM. In addition, securities trading is restricted to transactions carried out on stock exchanges or through organised over-the-counter markets licensed by CVM. This restriction will not apply in the event of a subscription, granting of bonuses or conversion of debentures into shares, an acquisition or sale of derivatives or other financial instruments which track the price of indexed securities, purchase and sale of quotas issued by investment funds and, if permitted by CVM, purchase and sale of securities in the context of the cancellation of a company's registration with CVM, a delisting or a temporary suspension of trading. Moreover, the transfer or assignment of securities or other financial assets held by foreign investors pursuant to Resolution No. 2,689/2000 out of a stock exchange or an organised over-the-counter market in Brazil is prohibited, except for transfers resulting from a corporate reorganisation, or occurring upon the death of an investor by operation of law or will.

Resolution No. 1,927/1992 of the National Monetary Council provides for the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. It provides that the proceeds from the sale of depositary receipts outside Brazil are not subject to Brazilian foreign investment control and holders of depositary receipts who are not resident in a tax haven jurisdiction (that is, any country or location that does not impose taxes on income or where the maximum income tax rate is lower than 20%, or where the legislation imposes restrictions on disclosure of the shareholding structure or the ownership of the investment) will be entitled to favourable tax treatment.

An electronic registration has been issued to the Custodian in the name of the HDR Depository with respect to the HDRs. Pursuant to this electronic registration, the Custodian and the HDR Depository are able to convert dividends and other distributions with respect to the underlying shares into foreign currency and to remit the proceeds outside Brazil. If a holder exchanges HDRs for Class A Preferred Shares or Common Shares, the holder may continue to rely on the Custodian's electronic registration for only five business days after the exchange. After that, the holder must seek to obtain its own electronic registration with the Central Bank of Brazil under Law No. 4,131/ 1962 or Resolution No. 2,689/2000. Thereafter, unless the holder has registered its investment with the Central Bank of Brazil, such holder may not convert the proceeds from the disposition of, or distributions with respect to, such Class A Preferred Shares or Common Shares into foreign currency and remit them out of Brazil.

Under Brazilian law, whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to foresee a serious imbalance, the Brazilian Government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil, and on the conversion of Brazilian currency into foreign currencies. Such restrictions may hinder or prevent the Custodian or holders who have exchanged HDRs for underlying Class A Preferred Shares or Common Shares from converting distributions or the proceeds from any sale of such shares, as the case may be, into HK Dollars or U.S. Dollars and remitting such HK Dollars or U.S. Dollars abroad. In the event the Custodian is prevented from converting and remitting amounts to foreign investors, the Custodian will hold the Reais it cannot convert for the account of the holders of HDRs who have not been paid. The HDR Depository will not invest the Reais and will not be liable for interest on those amounts. Any Reais so held will be subject to devaluation risk against either the HK Dollar or the U.S. Dollar.

Under the Corporations Act a Brazilian company may engage a financial institution authorised by CVM to render share registration services and custody of the company's share register. Due to the nature of such services, our Company does not believe it to be feasible to engage more than one such custodian. Likewise, our Company does not consider it practicable to have such a custodian maintaining its share register in Hong Kong, considering the CVM authorisation requirement and that Brazil is its primary listing venue. In light of the requirement for listing of shares in Hong Kong to have the register of members maintained in Hong Kong, our Company does not believe a direct equity listing in Hong Kong to be the most practicable solution for investors.

## **TAXATION**

The following summary contains a description of the principal Brazilian income tax implications in connection with the ownership and disposition of the Depository Receipts. **This discussion is of a general nature only and is not exhaustive of all possible Brazilian tax considerations applicable to an investment in the Depository Receipts. Moreover the income or other tax consequences of acquiring, holding or disposing the Depository Receipts will vary depending on the holder's particular circumstances, including the jurisdiction or jurisdictions in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Depository Receipts. Investors should consult their own tax advisers for advice with respect to the tax consequences of an investment in Depository Receipts based on their particular circumstances.**

## **Brazilian tax considerations**

The following discussion summarises the principal Brazilian tax consequences of the acquisition, ownership and disposition of Class A Preferred Shares, Common Shares or Depositary Receipts by a holder not deemed to be domiciled in Brazil for purposes of Brazilian taxation (**a Non-Brazilian Holder**). It is based on the tax laws of Brazil and regulations thereunder in effect on the date hereof, which are subject to change (possibly with retroactive effect).

### ***Shareholder distributions***

For Brazilian corporations, such as our Company, distributions to shareholders are classified, for tax purposes, as either dividend or interest on shareholders' equity.

#### *Dividends*

Amounts distributed as dividends, including distributions in kind, will generally not be subject to withholding income tax if the distribution is paid by us from profits of periods beginning on or after 1 January 1996 (1) to the HDR Depositary in respect of our Class A Preferred Shares or Common Shares underlying the Depositary Receipts or (2) to a Non-Brazilian Holder in respect of our Class A Preferred Shares or Common Shares. Dividends paid from profits generated before 1 January 1996 may be subject to Brazilian withholding income tax at varying rates depending on the year the profits were generated.

#### *Interest on shareholders' equity*

Amounts distributed as interest on shareholders' equity are generally subject to withholding income tax at the rate of 15%, except where:

- (1) the beneficiary is exempt from tax in Brazil, in which case the distribution will not be subject to withholding income tax;
- (2) the beneficiary is located in a jurisdiction that does not impose income tax or where the maximum income tax rate is lower than 20% (**a Low Tax Jurisdiction**) or where internal legislation imposes restrictions on the disclosure of the shareholding structure or the ownership of the investment, in which case the applicable withholding income tax rate is 25%; or
- (3) the effective beneficiary is resident in Japan, in which case the applicable withholding income tax rate is 12.5%.

Interest on shareholders' equity is calculated as a percentage of shareholders' equity, as stated in the statutory accounting records. The interest rate applied may not exceed TJLP. In addition, the amount of distributions classified as interest on shareholders' equity may not be more than the greater of (1) 50% of net income (after the deduction of social contribution on net profits but before taking into account such payment of interest and the provision for corporate income tax) for the period in respect of which the payment is made and (2) 50% of the sum of retained earnings and profit reserves as at the first day of the fiscal year in respect of which the payment is made.

Payments of interest on shareholders' equity are deductible for the purposes of corporate income tax and social contribution on net profit, to the extent of the limits described above. The tax

benefit to our Company in the case of a distribution by way of interest on shareholders' equity is a reduction in our Company's corporate tax charge by an amount equivalent to 34% of such distribution.

*Taxation of capital gains*

Taxation of Non-Brazilian Holders on capital gains depends on the status of the holder as either:

- (1) not resident or domiciled in a Low Tax Jurisdiction or where internal legislation imposes restrictions on the disclosure of shareholding structure or the ownership of the investment and registered its investment in Brazil in accordance with Resolution No. 2,689 (**a 2,689 Holder**), or a HDR Holder; or
- (2) any other Non-Brazilian Holder.

Investors identified in item 1 are subject to favourable tax treatment, as described below.

According to Law No. 10,833, dated 29 December 2003, capital gains realised by a Non-Brazilian Holder from the disposition of "assets located in Brazil" are subject to taxation in Brazil.

Class A Preferred Shares and Common Shares qualify as assets located in Brazil, and the disposition of such assets by a Non-Brazilian Holder may be subject to income tax on the gains assessed, in accordance with the rules described below, regardless of whether the transaction is carried out with another Non-Brazilian resident or with a Brazilian resident.

There is some uncertainty as to whether Depositary Receipts qualify as "assets located in Brazil" for purposes of Law No. 10,833/03. Arguably, Depositary Receipts do not constitute assets located in Brazil and therefore the gains realised by a Non-Brazilian Holder on the disposition of Depositary Receipts to another Non-Brazilian resident should not be subject to income tax in Brazil. However, it cannot be guaranteed that the Brazilian courts will uphold this interpretation of the definition of "assets located in Brazil" in connection with the taxation of gains realised by a Non-Brazilian Holder on the disposition of Depositary Receipts. Consequently, gains on a disposition of Depositary Receipts by a Non-Brazilian Holder (whether in a transaction carried out with another Non-Brazilian Holder or a person domiciled in Brazil) may be subject to income tax in Brazil in accordance with the rules applicable to a disposition of shares.

Although there are grounds to sustain otherwise, the deposit of Class A Preferred Shares or Common Shares in exchange for Depositary Receipts may be subject to Brazilian income tax if the acquisition cost of the Class A Preferred Shares or Common Shares being deposited is lower than the average price of the Class A Preferred Shares or Common Shares (as the case may be), which is determined as either:

- (1) the average price per Class A Preferred Share or Common Share on BM&FBOVESPA in which the greatest number of such shares were sold on the day of deposit; or
- (2) if no Class A Preferred Shares or Common Shares were sold on that day, the average price on BM&FBOVESPA in which the greatest number of Class A Preferred Shares or Common Shares were sold in the 15 trading sessions immediately preceding such deposit.



The positive difference between the average price of the Class A Preferred Shares or Common Shares calculated as described above and their acquisition cost will be considered to be a capital gain subject to income tax in Brazil. In some circumstances, there are grounds to sustain that such taxation is not applicable with respect to any 2,689 Holder, provided he is not located in a Low Tax Jurisdiction.

The withdrawal of Depositary Receipts in exchange for Class A Preferred Shares or Common Shares is not subject to Brazilian income tax, subject to compliance with applicable regulations regarding the registration of the investment with the Central Bank of Brazil.

For the purpose of Brazilian taxation, the income tax rules on gains related to disposition of Class A Preferred Shares or Common Shares vary depending on:

- the domicile of the Non-Brazilian Holder;
- the method by which such Non-Brazilian Holder has registered his investment with the Central Bank of Brazil; and/or
- how the disposition is carried out, as described below.

The gain realised as a result of a transaction on a Brazilian stock, future and commodities exchange is the difference between: (i) the amount in Brazilian currency realised on the sale or disposition and (ii) the acquisition cost, without any adjustment for inflation, of the securities that are the subject of the transaction.

Any gain realised by a Non-Brazilian Holder on a sale or disposition of Class A Preferred Shares or Common Shares carried out on BM&FBOVESPA is:

- exempt from income tax where the Non-Brazilian Holder (i) is a 2,689 Holder; and (ii) is not located in a Low Tax Jurisdiction;
- subject to income tax at a rate of 15% where the Non-Brazilian Holder either (A) (i) is not a 2,689 Holder and (ii) is not resident or domiciled in a Low Tax Jurisdiction or (B) (i) is a 2,689 Holder and (ii) is resident or domiciled in a Low Tax Jurisdiction; or
- subject to income tax at a rate of 25% where the Non-Brazilian Holder (i) is not a 2,689 Holder and (ii) is resident or domiciled in a Low Tax Jurisdiction.

The sale or disposition of common shares carried out on BM&FBOVESPA is subject to withholding tax at the rate of 0.005% on the sale value. This withholding tax can be offset against the eventual income tax due on the capital gain. A 2,689 Holder that is not resident or domiciled in a Low Tax Jurisdiction is not required to withhold income tax.

Any gain realised by a Non-Brazilian Holder on a sale or disposition of Class A Preferred Shares or Common Shares that is not carried out on BM&FBOVESPA is subject to income tax at a 15% rate, except for gain realised by a resident in a Low Tax Jurisdiction, which is subject to income tax at the rate of 25%.

With respect to transactions arranged by a broker that are conducted on the Brazilian non-organised over-the-counter market, a withholding income tax at a rate of 0.005% on the sale value is also levied on the transaction and can be offset against the eventual income tax due on the capital gain.

There can be no assurance that the current favourable treatment of 2,689 Holders will continue in the future.

In the case of a redemption of Class A Preferred Shares, Common Shares or Depositary Receipts or a capital reduction by a Brazilian corporation, the positive difference between the amount received by any Non-Brazilian Holder and the acquisition cost of the Class A Preferred Shares, Common Shares or Depositary Receipts being redeemed is treated as capital gain and is therefore generally subject to income tax at the rate of 15%, while the 25% rate applies to residents in a Low Tax Jurisdiction.

Any exercise of pre-emptive rights relating to our Class A Preferred Shares or Common Shares will not be subject to Brazilian taxation. Any gain realised by a Non-Brazilian Holder on the disposition of pre-emptive rights relating to Class A Preferred Shares or Common Shares in Brazil will be subject to Brazilian income taxation in accordance with the same rules applicable to the sale or disposition of Class A Preferred Shares or Common Shares.

### ***Tax on foreign exchange and financial transactions***

#### *Foreign exchange transactions*

Brazilian law imposes a tax on foreign exchange transactions, or an IOF/Exchange Tax, due on the conversion of Reais into foreign currency and on the conversion of foreign currency into Reais. Currently, for most foreign currency exchange transactions, the rate of IOF/Exchange is 0.38%.

Effective as of 20 October 2010, in respect of foreign exchange agreements entered into since 5 October 2010, the inflow of resources into Brazil for the acquisition or subscription of common shares through public offerings in Brazilian financial and capital markets by a Non-Brazilian Holder are subject to the IOF/Exchange at a rate of 2%, provided that the issuer has registered its shares for trading on the stock exchange.

The outflow of resources from Brazil related to investments carried out by a Non-Brazilian Holder in the Brazilian financial and capital markets is currently subject to IOF/Exchange at a zero percent rate. In any case, the Brazilian government may increase such rates at any time, up to 25%, with no retroactive effect.

#### *Transactions involving bonds and securities*

Brazilian law imposes a tax on transactions involving bonds and securities, or an IOF/Bonds Tax, including those carried out on BM&FBOVESPA. The rate of IOF/Bonds Tax applicable to transactions involving public traded shares in Brazil is currently zero. However, the Brazilian Government may increase such rate at anytime up to 1.5% of the transaction amount per day, but the tax cannot be applied retroactively. Transfer of shares traded on BM&FBOVESPA in order to back depositary receipts traded abroad are subject to IOF/Bonds Tax at a rate of 1.5% starting 19 November 2009.

#### *Other Brazilian taxes*

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of Class A Preferred Shares, Common Shares or the Depositary Receipts by a Non-Brazilian Holder, except for gift and inheritance taxes which are levied by some states of Brazil on gifts made or inheritances bestowed by a Non-Brazilian Holder to individuals or entities resident or domiciled within

such states in Brazil. There are no Brazilian stamp, issue, registration, or similar taxes or duties payable by holders of Class A Preferred Shares or Common Shares or Depositary Receipts.

## ***Definitions***

<b>ADRs</b>	American Depositary Receipts evidencing ADSs
<b>ADSs</b>	American Depositary Shares representing Common Shares and Class A Preferred Shares, respectively, which are deposited with JPMorgan Chase Bank, N.A.
<b>AMF</b>	Autorite des Marches Financiers, the French securities regulator
<b>Annual Disclosure Document</b>	the Formulário de Referência filed annually by our Company with the CVM
<b>associate(s)</b>	unless the context requires otherwise, has the meaning set out in the Listing Rules
<b>BM&amp;FBOVESPA</b>	the Sao Paulo Stock Exchange
<b>BM&amp;FBOVESPA Listing Rules</b>	the rules issued by BM&FBOVESPA governing “Nível 1” listings (the level at which the Common Shares and Class A Preferred Shares are listed) as amended, supplemented or otherwise modified from time to time
<b>Board or Board of Directors</b>	the board of Directors of our Company
<b>Board of Executive Officers</b>	the board of executive officers of our Company
<b>Brazilian Government</b>	the government of the Federative Republic of Brazil
<b>Business Day</b>	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
<b>By-laws</b>	the by-laws of our Company, as amended from time to time
<b>China or PRC</b>	the People’s Republic of China, excluding, for the purpose of the Listing Document only, Hong Kong, Macau and Taiwan, unless otherwise specified
<b>Class A Preferred Depositary Receipts</b>	the Depositary Receipts evidencing Class A Preferred HDSs
<b>Class A Preferred HDSs</b>	the Hong Kong depositary shares representing Class A Preferred Shares
<b>Class A Preferred Shares</b>	the class A preferred shares of no par value per share in the capital of our Company, being part of the Preferred Shares
<b>Common Depositary Receipts</b>	the Depositary Receipts evidencing Common HDSs
<b>Common HDSs</b>	the Hong Kong depositary shares representing Common Shares
<b>Common Shares</b>	the common shares of no par value per share in the capital of our Company
<b>Companies Ordinance</b>	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time

<b>Company, Parent Company, or Vale</b>	Vale S.A., a <i>Sociedade por Ações</i> incorporated with limited liability and registered in Brazil, and also registered under CVM number 00417-0, whose principal executive offices are at Avenida Graça Aranha, No. 26, 20030-900 Rio de Janeiro, RJ, Brazil
<b>Controlling Shareholder(s)</b>	has the meaning set out in the Corporations Act (see the section of Appendix V to the Listing Document headed “Takeover Regulations — Brazilian requirements”)
<b>Corporations Act</b>	Brazilian Federal Law 6.404/76 as amended, supplemented or otherwise modified from time to time
<b>CVM</b>	Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission)
<b>CVM Rules</b>	the rules and regulations issued by CVM including Normative Instructions, Deliberations and Guidance Opinions, as amended, supplemented or otherwise modified from time to time
<b>Depository Receipts or HDRs</b>	the depository receipts to be the subject of the Introduction, comprising both Common Depository Receipts and Class A Preferred Depository Receipts
<b>Director</b>	a director, being a member of the Board of Directors, of our Company
<b>Exchange Act</b>	U.S. Securities Exchange Act of 1934
<b>Executive Officers</b>	members of the Board of Executive Officers
<b>Fiscal Council</b>	the fiscal council of our Company established under the Corporations Act
<b>Golden Shares</b>	the preferred shares of no par value per share in the capital of our Company held by the Brazilian Government
<b>Group</b>	our Company and its subsidiaries
<b>HDR Depository</b>	JPMorgan Chase Bank, N.A., in its capacity as depository for the HDRs, or any successor appointee in that capacity from time to time
<b>HDR Holders</b>	a registered holder of any Depository Receipt(s), being their legal owner
<b>HDSs</b>	Hong Kong depository shares deposited with the Custodian for the account of the HDR Depository, comprising both Common HDSs and Class A Preferred HDSs
<b>HK\$, HK Dollars or Hong Kong Dollars</b>	Hong Kong dollars, the lawful currency for the time being of Hong Kong
<b>Hong Kong</b>	the Hong Kong Special Administrative Region of China
<b>Industry Guide 7</b>	Industry Guide 7 — Description of property by issuers engaged or to be engaged in significant mining operations issued by the SEC

<b>Introduction</b>	the admission of the Depositary Receipts to secondary listing, and trading, on the Main Board of the Stock Exchange, pursuant to the Listing Rules
<b>Listing Document</b>	the listing document dated Thursday, 2 December 2010 issued by our Company in relation to the Introduction
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
<b>Major Acquisition</b>	has the meaning set out in the Corporations Act (please see the section of Appendix V to the Listing Document headed “Brazilian Regulatory Provisions — Major acquisitions”)
<b>Material Fact</b>	has the meaning set out in the CVM Rules (please see the section of Appendix V to the Listing Document headed “Brazilian Regulatory Provisions — Disclosure of information”)
<b>NYSE</b>	the New York Stock Exchange
<b>NYSE Euronext Paris</b>	the Professional Compartment of the NYSE Euronext Paris market
<b>Ordinary Quorum</b>	the quorum required for the holding of a general Shareholders’ meeting of our Company (other than where a Special Quorum is required), which is constituted by the attendance of Shareholders holding at least one-quarter of the total voting Shares in issue who are entitled to attend and vote at the general Shareholders’ meeting, whether in person or by proxy
<b>Preferred Shares</b>	the Class A Preferred Shares and the Golden Shares
<b>Real, Reais, BRL or R\$</b>	the lawful currency for the time being of Brazil, being the real (singular) (plural: <i>reais</i> )
<b>SEC</b>	the United States Securities and Exchange Commission
<b>SFC</b>	the Securities and Futures Commission of Hong Kong
<b>SFO</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
<b>Share Repurchases Code</b>	the Share Repurchases Code issued by the SFC, as amended, supplemented or otherwise modified from time to time
<b>Shareholder</b>	a holder of any Share(s)
<b>Shares</b>	the Common Shares and the Preferred Shares
<b>Simple Approval</b>	in relation to any matter to be considered and approved at a general Shareholders’ meeting of our Company, the approval of such matter by a simple majority of more than 50% of the votes cast by Shareholders attending the meeting in person or by proxy

<b>Special Approval</b>	in relation to any matter to be considered and approved at a general Shareholders' meeting of our Company, the approval of such matter by a simple majority of more than 50% of the total voting Shares in issue of our Company (as opposed to 50% of the votes cast by Shareholders attending the meeting in person or by proxy in the case of a Simple Approval)
<b>Special Quorum</b>	the higher quorum required for the holding of a general Shareholders' meeting of our Company for the approval of certain matters prescribed by the Corporations Act, which is constituted by the attendance of Shareholders holding at least two-thirds of the total voting Shares in issue who are entitled to attend and vote at the general Shareholders' meeting, whether in person or by proxy
<b>Stock Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>Takeovers Code</b>	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
<b>Track Record Period</b>	the three financial years of our Company ended 31 December 2009 and the six months ended 30 June 2010
<b>US, U.S. or United States</b>	United States of America
<b>US\$, USD or U.S. Dollars</b>	United States dollars, the lawful currency for the time being of the United States
<b>US GAAP or U.S. GAAP</b>	United States generally accepted accounting principles
<b>Valepar</b>	Valepar S.A., our controlling shareholder (as defined in the Listing Rules)

In this summary, references to "our Company"; "us"; "we"; and/or "our" are references to the Company and, in the latter three cases (save where the context otherwise requires) to the Group.

**C. BY-LAWS**



## **BY-LAWS**

### **VALE S.A.**

#### **CHAPTER I - NAME, PURPOSE, HEAD OFFICE AND DURATION**

**Article 1** – Vale S.A., referred to in abbreviated form as Vale, is a joint-stock company governed by the present By-Laws and by applicable legislation.

**Sole Paragraph** - Vale, its shareholders, directors, executive officers and members of the Fiscal Council are also subjected to the Corporate Governance Level 1 Listing Rules of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (“Level 1 Listing Rules”).

**Article 2** - The purpose of the company is:

- I. the exploitation of mineral deposits in Brazil and abroad by means of extraction, processing, industrialization, transportation, shipment and commerce of mineral assets;
- II. the building and operation of railways and the exploitation of own or third party rail traffic;
- III. the building and operation of own or third party marine terminals, and the exploitation of nautical activities for the provision of support within the harbor;
- IV. the provision of logistics services integrated with cargo transport, comprising generation, storage, transshipment, distribution and delivery within the context of a multimodal transport system;
- V. the production, processing, transport, industrialization and commerce of all and any source and form of energy, also involving activities of production, generation, transmission, distribution and commerce of its products, derivatives and subproducts;
- VI. the carrying-on, in Brazil or abroad, of other activities that may be of direct or indirect consequence for the achievement of its corporate purpose, including research, industrialization, purchase and sale, importation and exportation, the exploitation,

industrialization and commerce of forest resources and the provision of services of any kind whatsoever;

- VII.** constituting or participating in any fashion in other companies, consortia or associations directly or indirectly related to its business purpose.

**Article 3** - The head office and legal venue of the company shall be in the city of Rio de Janeiro, State of Rio de Janeiro, the company being empowered for the better realization of its activities to set up branch offices, subsidiary branch offices, depots, agencies, warehouses, representative offices or any other type of establishment in Brazil or abroad.

**Article 4** - The term of duration of the company shall be unlimited.

## **CHAPTER II - CAPITAL AND SHARES**

**Article 5** - The paid-up capital amounts to R\$77,300,000,000.00 (seventy-seven billion and three hundred million Reais) corresponding to 5.244.316.120 (five billion, two hundred and forty-four million, three hundred and sixteen thousand and one hundred and twenty) shares, being R\$47,420,608,861.89 (forty-seven billion, four hundred and twenty million, six hundred and eight thousand, eight hundred and sixty-one Reais and eighty-nine cents), divided into 3,217,188,402 (three billion, two hundred and seventeen million, one hundred and eighty-eight thousand and four hundred and two) common shares and R\$29,879,391,138.11 (twenty-nine billion, eight hundred and seventy-nine million, three hundred and ninety-one thousand, one hundred and thirty-eight Reais and eleven cents), divided into 2,027,127,718 (two billion, twenty-seven million, one hundred and twenty-seven thousand, seven hundred and eighteen) preferred Class "A" shares, including 12 (twelve) golden shares, all without nominal value.

**§ 1** - The shares are common shares and preferred shares. The preferred shares comprise class A and special class.

**§ 2** - The special class preferred share shall belong exclusively to the Federal Government. In addition to the other rights which are expressed and specifically attributed to these shares in the current By-Laws, the special class shares shall possess the same rights as the class A preferred shares.

**§ 3** - Each common, class A preferred share and special class shares shall confer the right to one vote in decisions made at General Meetings, the provisions of § 4 following being observed.

**§ 4** - The preferred class A and special shares will have the same political rights as the common shares, with the exception of voting for the election of Board Members,

excepting the provisions set forth in §§ 2 and 3 of Article 11 following, and also the right to elect and dismiss one member of the Fiscal Council, and its respective alternate.

**§5** - Holders of class A preferred and special class shares shall be entitled to receive dividends calculated as set forth in Chapter VII in accordance with the following criteria:

**a)** priority in receipt of dividends specified in § 5 corresponding to: (i) a minimum of 3% (three percent) of the stockholders' equity of the share, calculated based on the financial statements which served as reference for the payment of dividends, or (ii) 6% (six percent) calculated on the portion of the capital formed by this class of share, whichever higher;

**b)** entitlement to participate in the profit distributed, on the same conditions as those for common shares, once a dividend equal to the minimum priority established in accordance with letter "a" above is ensured; and

**c)** entitlement to participate in any bonuses, on the same conditions as those for common shares, the priority specified for the distribution of dividends being observed.

**§6** - Preferred shares shall acquire full and unrestricted voting rights should the company fail to pay the minimum dividends to which they are entitled during 3 (three) consecutive fiscal years, under the terms of §5 of Article 5.

**Article 6** - The company is authorized to increase its paid-up capital up to the limit of 3,600,000,000 (three billion, six hundred million) common shares and 7,200,000,000 (seven billion, two hundred million) Preferred Class "A" shares. Within the limit authorized in this article, the Company, as a result of deliberation by the Board of Directors, may increase its paid-up capital independently of reform to its bylaws, through the issue of common and/or preferred shares.

**§ 1** - The Board of Directors shall determine the conditions for issuance, including the price and the period of time prescribed for paying up.

**§ 2** - At the option of the Board of Directors the preemptive right in the issuance of shares, bonds convertible into shares and subscription bonuses, the placement of which on the market may be by sale on the stock exchange or by public subscription as per the prescriptions set forth in Law no. 6.404/76, may be rescinded.

**§ 3** - Provided that the plans approved by the General Meeting are complied with, the company shall be entitled to delegate the option of share purchase to its administrators and employees, with shares held in Treasury or by means of the issuance of new shares, the shareholders' preemptive right being excluded.

**Article 7** - The special class share shall possess a veto right regarding of the following subjects:

- I. change of name of the company;
- II. change of location of the head office;
- III. change of the corporate purpose with reference to mineral exploitation;
- IV. the winding-up of the company;
- V. the sale or cessation of the activities of any part or of the whole of the following categories of the integrated iron ore systems of the company: (a) mineral deposits, reserves and mines; (b) railways; (c) ports and marine terminals;
- VI. any alteration of the rights assigned to the types and classes of the shares issued by the company in accordance with the prescriptions set forth in the present By-Laws;
- VII. any alteration of the present Article 7 or of any of the other rights assigned to the special class share by the present By-Laws.

### **CHAPTER III - GENERAL MEETING**

**Article 8** - The ordinary Shareholders' General Meeting shall be held within the first four months following the end of the fiscal year and, extraordinarily, whenever called by the Board of Directors.

**§ 1** - An extraordinary Shareholders' General Meeting shall be competent to discuss the subjects specified in Article 7.

**§ 2** - The holder of the special class share shall be formally requested by the company to attend for the purpose of discussing the subjects specified in Article 7 by means of personal correspondence addressed to its legal representative, a minimum period of notice of 15 (fifteen) days being given.

**§ 3** - Should the holder of the special class share be absent from the General Meeting called for this purpose or should it abstain from voting, the subjects specified in Article 7 shall be deemed as having been approved by the holder of the said special class.

**Article 9** - At an Ordinary or Extraordinary General Meeting, the chair shall be taken by the Chairman, or in his absence by the Vice-Chairman of the Board of Directors of the

company, and the Secretary of the Board of Directors shall act as secretary, as per § 14 of Article 11.

Sole Paragraph - In the case of temporary absence or impediment of the Chairman or Vice-Chairman of the Board of Directors, the General Meeting of Shareholders shall be chaired by their respective alternates, or in the absence or impediment of such alternates, by an Officer specially appointed by the Chairman of the Board of Directors.

#### **CHAPTER IV - ADMINISTRATION**

**Article 10** - The Board of Directors and the Executive Board shall be responsible for the administration of the company.

**§1** - The members of the Board of Directors and the Executive Board shall take office by means of signing the Minute Book of the Board of Directors or the Executive Board, as the case may be, provided that the investiture of such administrators is subject to prior subscription of the Term of Consent of Administrators in accordance with the provisions of the Level 1 Listing Rules, as well as in compliance with the applicable legal requirements.

**§2** - The term of office of the members of the Board of Directors and the Executive Board shall be extended until their respective successors have taken office.

**§3** - The positions of Chairman of the Board of Directors and Chief Executive Officer may not be held by the same person.

**§4** - The General Meeting shall fix the overall amount for the remuneration of the administrators, benefits of any kind and allowances being included therein, taking into account the responsibilities of the administrators, the time devoted to the performance of their duties, their competence and professional repute and the market value of their duties. The Board of Directors shall apportion the fixed remuneration among its members and the Executive Board.

**§5** - The Board of Directors shall be supported by technical and consultant bodies, denominated Committees, regulated as set forth in **Section II - Committees hereinafter**.

## SECTION I - BOARD OF DIRECTORS

### *(i) Subsection I - Composition*

**Article 11** - The Board of Directors, a joint decision-making body, shall be elected by the General Meeting and shall be formed of 11 (eleven) effective members and their respective alternates, and one of whom shall be the Chairman of the Board and another shall be the Vice-Chairman.

**§1** - The unified term of office of the members of the Board of Directors shall be 2 (two) years, their re-election being permitted.

**§2** - Under the terms of Article 141 of Law # 6,404/76, 1 (one) member and his alternate of the Board of Directors, may be elected and removed, by means of a separate vote at the general meeting of shareholders, excluding the controlling shareholder, by the majority of holders, respectively, of:

**I** - common shares representing at least 15% (fifteen percent) of the total shares with voting rights; and

**II** - preferred shares representing at least 10% (ten percent) of share capital.

**§3** - Having ascertained that neither the holders of common shares or preferred shares have respectively formed the quorum required in sections I and II of §2 above, they shall be entitled to combine their shares to jointly elect a member and an alternate to the Board of Directors, and in such hypothesis the quorum established in section II of §2 of this Article shall be observed.

**§4** - The entitlement set forth in §2 of this Article may only be exercised by those shareholders who are able to prove uninterrupted ownership of the shares required therein for a period of at least 3 (three) months, immediately prior to the general shareholders meeting which elected the members of the Board of Directors.

**§5** - From among the 11 (eleven) effective members and their respective alternates of the Board of Directors, 1 (one) member and his alternate shall be elected and/or removed, by means of a separate vote, by the employees of the company.

- §6 -** The Chairman and the Vice-Chairman of the Board of Directors shall be elected among the members thereof during a Meeting of the Board of Directors to be held immediately after the General Meeting which has elected them, subject to **Art. 10, §3.**
- §7 -** In the case of impediment or temporary absence, the Vice-Chairman shall replace the Chairman, and during the period of such replacement the Vice-Chairman shall have powers identical to those of the Chairman, the alternate of the Chairman being nevertheless entitled to exercise the right to vote in his capacity as a member of the Board of Directors.
- §8 -** Should a vacancy occur in the office of Chairman or Vice-Chairman, the Board of Directors shall elect the respective alternates in the first Meeting to be held after the vacancy.
- §9 -** During their impediments or temporary absences, the members of the Board of Directors shall be replaced by their respective alternates.
- §10 -** Should a vacancy occur in the office of a member of the Board of Directors or of an alternate, the vacancy shall be filled by nomination by the remaining members of an alternate who shall serve until the next General Meeting, which shall decide on his election. Should vacancies occur in the majority of such offices, a General Meeting shall be convened in order to proceed with a new election.
- §11 -** Whenever the Board of Directors is elected under the multiple vote regime, as established in Article 141 of Law # 6,404/1976, the Chairman of the shareholders meeting shall inform those shareholders present that the share which elected a member of the Board of Directors, by means of a separate vote in accordance with §§2 and 3 of Article 11, may not participate in the multiple vote regime and, evidently, may not participate in the calculation of the respective quorum. Once the separate vote has been held, then the ratio may be definitively defined in order to proceed with the multiple vote.
- §12 -** With the exception of the effective members and their respective alternates, elected by means of separate vote, respectively, by the employees of the company and by the holders of preferred shares, under section II, §2 of Article 11, whenever the election for the Board of Directors is held under the multiple vote regime, the removal of any member of the Board of Directors, effective or alternate, by the general shareholders meeting, shall imply in the removal of the other members of the Board of Directors, and consequently a new election shall be held; in other cases of vacancy, in the absence of an alternate, the first general shareholders meeting shall elect the whole Board.
- §13 -** Whenever, cumulatively, the election of the Board of Directors is held under the multiple vote system and the holders of common shares or preferred shares or company employees exercise the right established in §§ 2, 3 and 5 above, the

shareholder or group of shareholders under vote agreement who hold over 50% (fifty percent) of shares with voting rights, shall be ensured the right to elect officers in a number equal to those elected by the other shareholders, plus one, irrespective of the number of officers established in the caption of Article 11.

**§14** - The Board of Directors shall have a Secretary, appointed by the Chairman of the Board of Directors, who shall necessarily be an employee or administrator of the company, in whose absence or impediment shall be replaced by another employee or administrator as designated by the Chairman of the Board of Directors.

### **Subsection II – Workings**

**Article 12** - The Board of Directors shall meet on an ordinary basis once a month and extraordinary whenever called by the Chairman or, in his absence, by the Vice-Chairman of the Board or by any 2 (two) members acting together.

**Sole Paragraph** - The meetings of the Board of Directors shall be held at the Company's headquarters, but, under exceptional circumstances, may be held at a different location, being permitted to participate by teleconference, videoconference or other means of communication that could ensure effective participation and authenticity of vote.

**Article 13** - Meetings of the Board of Directors shall only be held with the presence of and decisions shall only be taken by the affirmative vote of a majority of its members.

**§1** - The minutes of the meetings of the Board of Directors shall be recorded in the Book of Minutes of Meetings of the Board of Directors which, after having been read and approved by the officers present at the meetings, shall be signed in a number sufficient to constitute the majority necessary for approval of the subjects examined.

**§2** - The Secretary shall be responsible for the recording, distribution, filing and safeguard of the respective minutes of the meetings of the Board of Directors, as well as for the issuance of abstracts of the minutes and certificates of approvals of the Board of Directors.



### **Subsection III – Responsibilities**

**Article 14** - The Board of Directors shall be responsible for:

- I. electing, evaluating and at any time removing the Executive Officers of the company, and assigning functions to them;
- II. distributing the remuneration established by the general shareholders meeting among its members and those of the Executive Board;
- III. assigning the functions of Investor Relations to an Executive Officer;
- IV. approving the policies relating to selection, evaluation, development and remuneration of members of the Executive Board;
- V. approving the company's human resources general policies as submitted to it by the Executive Board;
- VI. establishing the general guidance of the business of the company, its whollyowned subsidiary companies and controlled companies;
- VII. approving the strategic guidelines and the strategic plan of the company submitted annually by the Executive Board;
- VIII. approving the company's annual and multi-annual budgets, submitted to it by the Executive Board;
- IX. monitoring and evaluating the economic and financial performance of the company, and may request the Executive Board to provide reports with specific performance indicators;
- X. approving investments and/or divestiture opportunities submitted by the Executive Board which exceed the limits established for the Executive Board as defined by the Board of Directors;
- XI. issuing opinions on operations relating to merger, split-off, incorporation in which the company is a party, as well as share purchases submitted by the Executive Board;
- XII. with the provisions set forth in Article 2 of the present By-Laws being complied with, making decisions concerning the setting-up of companies, or its transformation into another kind of company, direct or indirect participation in the capital of other companies, consortia, foundations and other organizations, by means of the exercise of rights withdrawal, the exercise of non-exercise of rights of subscription, or increase

or sale, both direct and indirect, of corporate equity, or in any other manner prescribed by law, including but not limited to, merger, split-off and incorporation in companies in which it participates;

- XIII.** approving the corporate risks and financial policies of the company submitted by the Executive Board;
- XIV.** approving the issuance of simple debentures, not convertible into share and without collateral submitted by the Executive Board;
- XV.** approving the accounts of the Executive Board, substantiated in the Annual Report and the Financial Statements, for subsequent submission to the Ordinary General Meeting;
- XVI.** approving the employment of profit for the year, the distribution of dividends and, when necessary, the capital budget, submitted by the Executive Board, to the later direction to the appreciation of the Ordinary Shareholders Meeting;
- XVII.** selecting and removing external auditors of the company, based on the Fiscal Council's recommendation, in accordance with section (ii) of §1<sup>o</sup> of Article 39;
- XVIII.** appointing and removing the person responsible for the internal auditing and for the Ombud of the company, who shall report directly to the Board of Directors;
- XIX.** approving the policies and the annual audit plan of the company submitted by the person responsible for internal auditing, as well as to acknowledge the respective reports and determine the adoption of necessary measures;
- XX.** overseeing the management of the company by the Executive Officers and examining at any time, the books and documents of the Company, requesting information about contracts signed or about to be signed, and about any other actions, in order to ensure the financial integrity of the Company;
- XXI.** approving alterations in corporate governance rules, including, but not limited to, the process of rendering of accounts and the process of disclosure of information;
- XXII.** approving policies of employee conducts based on ethical and moral standards described in the Code of Ethics of the Company, to be observed by all administrators and employees of the Company, its subsidiaries and controlled companies;
- XXIII.** approving policies to avoid conflicts of interests between the Company and its shareholders or its administrators, as well as the adoption of the measures considered necessary in the event such conflicts arise;

- XXIV.** approving policies of corporate responsibility of the Company, mainly those related to: the environment, health and labor safety, and social responsibility of the Company, submitted by the Executive Board;
- XXV.** establishing criteria for the Executive Board in relation to the purchase of, sale of and placing of liens on **non-current assets** and for the constitution of encumbrances, the provisions set forth in Article 7 of the present By-Laws being complied with.
- XXVI.** approving the provision of guarantees in general, and establishing criteria for the Executive Board in relation to the contracting of loans and financing and for the signing of other contracts;
- XXVII.** establishing criteria for the Executive Board in relation to the signing of commitments, waiving of rights and transactions of any nature, except for the waiver of its preemptive rights in the subscription and purchase of shares, under section XII of Article 14;
- XXVIII.** approving any matters which are not the competence of the Executive Board, under the terms of the present By-Laws, as well as matters whose limits exceed the criteria established for the Executive Board, as established in Article 14;
- XXIX.** approving any reformulation, alteration, or amendment of shareholders' agreements or consortia contracts, or of agreements among the shareholders or among the consortia parties of companies in which the company participates, as well as approving the signing of new agreements and/or consortia contracts that address subjects of this nature;
- XXX.** authorize the negotiation, signing or alteration of contracts of any kind of value between the company and (i) its shareholders, either directly or through intermediary companies (ii) companies which directly or indirectly participate in the capital of the controlling shareholder or which are controlled, or are under joint control, by companies which participate in the capital of the controlling shareholder, and/or (iii) companies in which the controlling shareholder of the company participates, and the Board of Directors may establish delegations, with standards and procedures, which meet the requirements and nature of the operations, without prejudice of keeping the aforementioned group duly informed of all company transactions with related parties;
- XXXI.** expressing its opinion regarding any matter to be submitted to the General Meeting of Shareholders;
- XXXII.** authorizing the purchase of shares of its own issuance for maintenance in treasury, cancellation or subsequent sale;

**XXXIII.**approving the recommendations submitted by the Fiscal Council of the Company in the exercise of its legal and statutory attributions.

**§1 -** The Board of Directors shall be responsible for appointing, as submitted by the Executive Board, the persons who shall form part of the Administrative, Consulting and Audit bodies of those companies and organizations in which the company participates, directly or indirectly.

**§2 -** The Board of Directors may, at its discretion, delegate the assignment mentioned in the prior paragraph to the Executive Board.

## **SECTION II - COMMITTEES**

**Article 15 -** The Board of Directors, shall have, for advice on a permanent basis, 5 (five) technical and advisory committees, denominated as follows: Executive Development Committee, Strategic Committee, Finance Committee, Accounting Committee and Governance and Sustainability Committee.

**§1 -** The Board of Directors, at its discretion, may also establish, for its consulting support, other committees to fulfill consultant or technical tasks, other than those permanent committees as set forth in the caption of this Article.

**§2 -** The members of the committees shall be remunerated as established by the Board of Directors, and those members who are administrators of the company shall not be entitled to additional remuneration for participating on the committees.

### **Subsection I – Mission**

**Article 16 -** The mission of the committees shall be to provide support to the Board of Directors, which includes the follow up of the activities of the Company, in order to increase the efficiency and quality of its decisions.

### **Subsection II – Composition**

**Article 17 -** The members of the committees shall have proven experience and technical skills in relation to matters that are the object of the respective committee's responsibility and shall be subject to the same legal duties and responsibilities as the administrators.

**Article 18 -** The composition of each committee shall be defined by the Board of Directors.

**§1** - The members of the committees shall be appointed by the Board of Directors and may belong to company administration bodies or not.

**§2** - The term of management for the members of the committees shall begin as of their appointment by the Board of Directors, and termination shall coincide with the end of the management term of the members of the Board of Directors, and reappointment shall be permitted.

**§3** - During their management, members of the committees may be removed from office by the Board of Directors.

### **Subsection III – Workings**

**Article 19** - Standards relating to the workings of each committee shall be defined by the Board of Directors.

**§1** - The committees established within the company shall not have decision making power and their reports and proposals shall be submitted to the Board of Directors for approval.

**§2** - The committees' reports do not constitute a necessary condition for the presentation of matters for scrutiny and approval by the Board of Directors.

### **Subsection IV – Responsibilities**

**Article 20** – The Board of Directors shall determine the main duties of the committees, including, but not limited to the ones set forth in Article 21 and subsequent articles.

**Article 21** - The Executive Development Committee shall be responsible for:

- I** - issuing reports on the human resources general policies of the Company submitted by the Executive Board to the Board of Directors;
- II** - analyzing and issuing reports to the Board of Directors on the proposal for the distribution of the annual, global budget for the remuneration of the administrators and the restatement of the model of the remuneration of members of the Executive Board;
- III** - submitting and ensuring up-to-dateness of the performance evaluation methodology of the members of the Executive Board; and

- IV - aiding the Board of Directors with the definition of goals for the performance evaluation of the Executive Officers; and
- V - follow-up of the development of the succession plan for the Executive Officers.

**Article 22** - The Strategic Committee shall be responsible for:

- I - recommending the strategic guidelines and the strategic plan submitted annually by the Executive Board;
- II - recommending investment and/or divestiture opportunities; and
- III - recommending operations relating to merger, split-off, incorporation in which the Company and its controlled subsidiaries are a party.

**Article 23** - The Finance Committee shall be responsible for:

- I - evaluate the corporate risks and financial policies and the internal financial control systems of the Company;
- II - evaluate the compatibility between the remuneration level of shareholders and the parameters established in the annual budget and financial scheduling, as well as its consistency with the general policy on dividends and the capital structure of the company;
- III - evaluate the annual budget and the annual investments plan of Vale;
- IV - evaluate the annual funding plan and the risk exposure limits of the Company;
- V - evaluate the risks management process of the Company; and
- VI - follow-up the financial execution of capital expenditure projects and ongoing budget.

**Article 24** - The Accounting Committee shall be responsible for:

- I - issuing reports on the policies and the Company's annual auditing plan submitted by the employee responsible for internal auditing, and on its execution;
- II - tracking the results of the Company's internal auditing, and identifying, prioritizing, and submitting actions to be accompanied by the Executive Board to the Board of Directors;
- III - evaluating the procedures and results of the internal audit, in respect to best practices, when requested by the Board of Directors; and

- IV - aiding the Board of Directors, if requested by them, in the process of appointing and evaluating the annual performance of the person responsible for the internal auditing of the Company.

**Article 25** - The Governance and Sustainability Committee shall be responsible for:

- I - evaluating the efficiency of the company's governance practices and the workings of the Board of Directors, and submitting improvements;
- II - submitting improvements to the Code of Ethics and Conduct and to the management system in order to avoid conflicts of interests between the company and its shareholders or company administrators;
- III - evaluating related party transactions submitted for resolution of the Board of Directors, as well as issuing reports on potential conflicts of interest involving related parties;
- IV - evaluating proposals for modifying the Policies which are not attributed to other committees, of the Bylaws and the Internal Regiments of Vale's Assessment Committees;
- V - analyzing and proposing improvements to the Company's Sustainability Report;
- VI - evaluating Vale's performance regarding sustainability aspects and proposing improvements based on a long-term strategic vision;
- VII - aiding the Board of Directors, if requested by them, in the process of appointing and evaluating the annual performance of the person responsible for the internal ombudsman (*ouvidoria*) of the Company;
- VIII - aiding the Board of Directors, if requested by them, in the process of evaluating the internal ombudsman (*ouvidoria*) of the Company when dealing with matters involving the Ombudsman channel (*Canal de Ouvidoria*) and violations to the Code of Ethics and Conduct.

## SECTION III - EXECUTIVE BOARD

### 1. *Subsection I - Composition*

**Article 26** - The Executive Board, which shall be the executive management body of the company, shall consist of 6 (six) to 11 (eleven) members, one of whom shall be the Chief Executive Officer and the others Executive Officers.

§1 - The Chief Executive Officer shall submit to the Board of Directors the names of candidates for the Executive Board with renowned knowledge and specialization in the subject of responsibility of the respective operational area, and may also at any time submit to the Board of Directors a motion to remove.

§2 - The Executive Officers shall have their individual duties defined by the Board of Directors.

§3 - The management term of the members of the Executive Board shall be 2 (two) years, and re-election shall be permitted.

### **Subsection II – Workings**

**Article 27** - The Chief Executive Officer and other members of the Executive Board shall continue in their respective official capacities when physically distant from headquarters realizing their respective duties on business-related travel. In the case of a permanent vacancy, or an impairment which temporarily impedes an officer from performing his respective duties, or a temporary absence or leave due to extraordinary circumstances, the respective procedures for replacing the Chief Executive Officer and other Executive Officers shall be as follows:

§1<sup>o</sup> - In the case of an impairment which temporarily impedes the Chief Executive Officer from performing his respective duties, the Chief Financial Officer shall assume, in addition to his own legal, statutory, and regulatory rights and responsibilities, the legal, statutory, and regulatory responsibilities of Chief Executive Officer, provided that the Board of Directors ratifies such replacement. In the case of the Chief Executive Officer's temporary absence or leave due to extraordinary circumstances, the Chief Executive Officer shall designate his own substitute, who shall assume all



legal, statutory, and regulatory rights and responsibilities of the Chief Executive Officer.

- §2<sup>o</sup>** - In the case of an impairment which temporarily impedes an Executive Officer from performing his respective duties or in the case of an Executive Officer's temporary absence or leave due to extraordinary circumstances, such Executive Officer shall be replaced, in accordance with the Chief Executive Officer's nomination, by any of the other Executive Officers, and such nominated Executive Officer shall assume, in addition to his own legal, statutory, and regulatory rights and responsibilities, the legal, statutory, and regulatory responsibilities of the temporarily impaired or absent Executive Officer, excluding voting rights at Executive Board meetings, for the duration of the temporarily impaired or absent Executive Officer's term.
- §3<sup>o</sup>** - Should there be a permanent vacancy in the position of Executive Officer, the Chief Executive Officer shall select a substitute officer and submit such officer's name to the Board of Directors who shall appoint such substitute officer to complete the remaining term of the vacant executive officer.
- §4<sup>o</sup>** - Should there be a permanent vacancy in the position of the Chief Executive Officer, the Chief Financial Officer shall replace the Chief Executive Officer and shall assume the duties, rights, and responsibilities of both the Chief Executive Officer and the Chief Financial Officer, until the Board of Directors holds an election to fill the position of Chief Executive Officer.

**Article 28** - In respect of the limits established for each Executive Officer, the decisions on matters affecting his specific operational area, provided that the matter does not affect the operational area of another Executive Officer, shall be taken by himself or in conjunction with the Chief Executive Officer, in matters or situations pre-established by the latter.

**Article 29** - The Executive Board shall meet on an ordinary basis once each fifteen days and extraordinarily whenever called by the Chief Executive Officer or his substitute, and Executive Board members may participate in ordinary or extraordinary meetings in person, by teleconference, videoconference, or other means of communication that could ensure effective participation and authenticity of the vote.

**Sole Paragraph** - The Chief Executive Officer shall convene an extraordinary meeting of the Executive Board by virtue of the request of at least 3 (three) members of the Executive Board;

**Article 30** - The meetings of the Executive Board shall only begin with the presence of the majority of its members.

**Article 31** - The Chief Executive Officer shall chair the meetings of the Executive Board in order to prioritize consensual approvals amongst its members.

- §1 - When there is no consent among members of the Board, the Chief Executive Officer may (i) withdraw the issue from the agenda, (ii) attempt to form a majority, with the use of his casting vote or, (iii) in the interests of the company and by grounded presentation, decide individually on the matters raised for joint approval, including those listed in Article 32, and in respect of the exceptions stated in §2 following;
- §2 - Decisions relating to annual and multi-annual budgets and to the strategic plan and the Annual Report of the company shall be taken by majority vote, considered to be all Executive Officers, provided that the favorable vote of the Chief Executive Officer is included therein.
- §3 - The Chief Executive Officer shall inform the Board of Directors the utilization of the prerogative concerning item (iii), §1 stated above, in the first Board of Directors meeting which succeed the corresponding decision.

### **Subsection III – Responsibilities**

**Article 32** - The Executive Board shall be responsible for:

- I - approving the creation and elimination of Executive Departments subordinated to each Executive Director;
- II - preparing and submitting to the Board of Directors the company's general policies on human resources, and executing the approved policies;
- III - complying with and ensuring compliance with the general guidelines and business policies of the Company laid down by the Board of Directors;
- IV - preparing and submitting, annually, to the Board of Directors, the company's strategic guidelines and the strategic plan, and executing the approved strategic plan;
- V - preparing and submitting the Company's annual and multi-annual budgets to the Board of Directors, and executing the approved budgets;
- VI - planning and steering the company's operations and reporting the company's economic and financial performance to the Board of Directors, and producing reports with specific performance indicators;
- VII - identifying, evaluating and submitting investment and/or divestiture opportunities to the Board of Directors which exceed the limits of the Executive Board as defined by the Board of Directors, and executing the approved investments and/or divestitures;
- VIII - identifying, evaluating and submitting to the Board of Directors operations relating to merger, split-off, incorporation in which the company is a party, as well as share

purchases, and conducting the approved mergers, split-offs, incorporations and purchases;

- IX -** preparing and submitting the company's finance policies to the Board of Directors, and executing the approved policies;
- X -** submitting to the Board of Directors the issuance of simple debentures, not convertible into shares and without collateral;
- XI -** defining and submitting to the Board of Directors, after the drawing up of the balance sheet, the employment of profit for the year, the distribution of company dividends and, when necessary, the capital budget;
- XII -** preparing in each fiscal year the Annual Report and Financial Statements to be submitted to the Board of Directors and the General Meeting;
- XIII -** adhere to and encourage adhesion to the company's code of ethics, established by the Board of Directors;
- XIV -** preparing and submitting to the Board of Directors the company's policies on corporate responsibility, such as the environment, health, safety and social responsibility, and implementing the approved policies;
- XV -** authorizing the purchase of, sale of and placing of liens on fixed and non fixed assets including securities, the contracting of services, the company being the provider or receiver of such, being empowered to establish standards and delegate powers, all in accordance with the criteria and standards established by the Board of Directors;
- XVI -** authorizing the signing of agreements, contracts and settlements that constitute liabilities, obligations or commitments on the company, being empowered to establish standards and delegate powers, all in accordance with the criteria and standards established by the Board of Directors;
- XVII -** propose to the Board of Directors any reformulation, alteration, or amendment of shareholders' agreements or of agreements among the shareholders of companies in which the company participates, as well as suggesting the signing of new agreements and consortia contracts that address subjects of this nature;
- XVIII -** authorizing the opening and closing of branch offices, subsidiary branch offices, depots, agencies, warehouses, representative officer or any other type of establishment in Brazil or abroad;
- XIX -** authorizing the undertaking of commitments, waiver of rights and transactions of any nature, liens on securities being excepted, under the terms of section XII of

Article 14, being empowered to establish standards and delegate powers in accordance with the criteria and standards established by the Board of Directors;

- XX -** establishing and informing the Board of Directors on the individual limits of the Executive Officers, in respect of the limits of the Executive Board jointly, as established by the Board of Directors;
- XXI -** establishing, based on the limits fixed for the Board of Directors, the limits throughout the whole of the company's administrative organization hierarchy.
- §1 -** The Executive Board shall be empowered to lay down voting guidelines to be followed at the General Meetings by its proxies in the companies, foundations and other organizations in which the company participates, directly or indirectly, the investment plans and programs of the company, as well as the respective budgets being complied with, the limit of responsibility being observed as regards, among others, indebtedness, the sale of assets, the waiver of rights and the reduction of corporate equity investments.
- § 2 -** The Executive Board shall take steps to appoint persons who shall form part of the Administrative, Consultant and Audit bodies of those companies and organizations in which the company participates directly or indirectly.

**Article 33 -** The responsibilities of the Chief Executive Officer are to:

- I -** take the chair at meetings of the Executive Board;
- II -** exercise executive direction of the Company, with powers to coordinate and supervise the activities of the other Executive Officers, exerting his best efforts to ensure faithful compliance with the decisions and guidelines laid down by the Board of Directors and the General Meeting;
- III -** coordinate and supervise the activities of the business areas and units that are directly subordinated to him;
- IV -** select and submit to the Board of Directors the names of candidates for Executive Officer posts to be elected by the Board of Directors, and also to propose the respective removal;
- V -** coordinate the decision making process of the Executive Board, as provided for in Article 31 of Subsection II – **Workings**;
- VI -** indicate, whom among the Executive Officers shall substitute an Executive Officer in case of an impairment that temporarily impedes an officer from performing his respective duties or temporary absence or leave, in compliance to Article 27 Subsection II – **Workings**;

**VII** - keep the Board of Directors informed about the activities of the company;

**VIII** - together with the other Executive Officers, prepare the annual report and draw up the balance sheet;

**Article 34** - The Executive Officers are to:

**I** - organize the services for which they are responsible;

**II** - participate in meetings of the Executive Board, contributing to the definition of the policies to be followed by the company and reporting on matters of the respective areas of supervision and coordination;

**III** - comply with and ensure compliance with the policy and general guidance of the company's business laid down by the Board of Directors, each Executive Officer being responsible for his business units and specific area of activities;

**IV** - contract the services described in §2° of Article 39, in compliance with determinations of the Fiscal Council.

**Article 35** - The company shall be represented as plaintiff or defendant in courts of law or otherwise, including as regards the signature of documents constituting responsibility for this, by 2 (two) members of the Executive Board, or by 2 (two) proxies established in accordance with § 1 of this Article, or by 1 (one) proxy jointly with an Executive Officer.

**§ 1** - Except when otherwise required by law, proxies shall be appointed by a power of attorney in the form of a private instrument in which shall be specified the powers granted and the term of validity of powers of attorney.

**§ 2** - The company may, moreover, be represented by a single proxy at the General Meetings of shareholders of the companies, consortia and other organizations in which it participates or for acts arising out the exercise of powers specified in a power of attorney "ad judicia" or: (a) at agencies at any level of government, customs houses and public service concessionaires for specific acts for which a second proxy is not necessary or not permitted; (b) for signing of contract instruments in solemnity or at which the presence of a second proxy is not possible; (c) for signing of documents of any kind which imply in an obligation for the company whose monetary limits shall be established by the Executive Board.

**§ 3** In the case of commitments assumed abroad, the company may be represented by a single member of the Executive Board, or by an attorney in-fact with specific and limited powers according to the present By-Laws.

**§ 4** - Summons and judicial or extrajudicial notifications shall be made in the name of the Executive Officer responsible for Investor Relations, or by proxy as established in § 1 of this Article.

## CHAPTER V - FISCAL COUNCIL

**Article 36** - The Fiscal Council, a permanently functioning body, shall be formed of 3 (three) to 5 (five) effective members and an equal number of alternates, elected by the General Meeting, which shall fix their remuneration.

**Article 37** - The members of the Fiscal Council shall carry out their duties until the first Ordinary General Meeting to be held following their election, their re-election being permitted.

**Article 38** - In their absence or impediment, or in cases of vacancy of office, the members of the Fiscal Council shall be replaced by their respective alternates.

**Article 39** – The Fiscal Council shall be responsible to exercise the functions attributed to it by the applicable prevailing legislation, in these By-Laws, and as regulated by its own Internal Rules to be approved by its members;

**§ 1º**- The Internal Rules of the Fiscal Council shall regulate, in addition to the attributions already established in Law 6.404/76, imperatively, the following:

- (i) to establish the procedures to be adopted by the Company to receive, process and treat denunciations and complaints related to accounting, internal accounting controls and auditing matters, and ensure that the procedures for receiving complaints will guarantee secrecy and anonymity to the complainants;
- (ii) to recommend and assist the Board of Directors in the selection, remuneration and dismissal of the external auditors of the Company;
- (iii) to deliberate concerning the contracting of new services that may be rendered by the external auditors of the Company;
- (iv) to supervise and evaluate the work of the external auditors, and to direct the management of the Company concerning any need to withhold the remuneration of the external auditor, as well as to mediate any disputes between management and the external auditors regarding the financial statements of the Company.

**§ 2º** - For adequate performance of its duties, the Fiscal Council may determine the contracting of services from lawyers, consultants and analysts, and other resources that may be necessary for the performance of its duties, while observing the budget, proposed by the Fiscal Council and approved by the Board of Directors, without prejudice to the provisions established in §8º of Article 163 of Law 6.404/76.

**§3<sup>o</sup>** - The members of the Fiscal Council shall provide, within at least 30 (thirty) days before the Annual Shareholders' Meeting is held, their analysis of the management report and the financial statements.

## **CHAPTER VI - COMPANY PERSONNEL**

**Article 40** - The company shall maintain a social security plan for its employees administered by a foundation established for this purpose, the provisions of prevailing legislation being complied with.

## **CHAPTER VII - FINANCIAL YEAR AND DISTRIBUTION OF PROFITS**

**Article 41** - The fiscal year of the company shall coincide with the calendar year, thus finishing on December 31, when the balance sheets shall be prepared.

**Article 42** - After the constitution of the legal reserve, the employment of the remaining portion of the net profit verified at the end of each financial year (which shall coincide with the calendar year) shall, on the motion of the Administration, be submitted to the decision of the General Meeting.

**Sole Paragraph** - The amount of the interest, paid or credited in the form of interest on stockholders' equity in accordance with the prescriptions of Article 9, § 7 of Law # 9,249 dated December 26, 1995 and of relevant legislation and regulations, may be ascribed to the compulsory dividend and to the minimum annual dividend on the preferred shares, such amount for all legal purposes forming the sum of the dividends distributed by the company.

**Article 43** - The proposal for distribution of profit shall include the following reserves:

- I. Tax Incentive Reserve, to be constituted in accordance with the fiscal legislation in force.
- II. Investments Reserve, in order to ensure the maintenance and development of the main activities which comprise the company's purpose, in an amount not greater than 50% (fifty percent) of distributable net profit up to a maximum of the company's share capital.

**Article 44** - At least 25% (twenty-five percent) of the net annual profit, adjusted as per the law, shall be devoted to the payment of dividends.

**Article 45** - At the proposal of the Executive Board, the Board of Directors may determine the preparation of the balance sheets in periods of less than a year and declare dividends or interest on stockholders' equity on account of the profit verified in these balances as well as to declare for the account of accrued profits or profit reserves existing in the latest annual or semi-annual balance sheet.

**Article 46** - The dividends and interest on stockholders' equity mentioned in the Sole Paragraph of Article 42 shall be paid at the times and at the places specified by the Executive Board, those not claimed within 3 (three) years after the date of payment reverting in favour of the company.



**D. DEPOSITARY AGREEMENTS**

**D1. COMMON HDSs**

DEPOSIT AGREEMENT

BETWEEN  
VALE S.A.  
AND  
JPMORGAN CHASE BANK, N.A. as  
Depositary



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DEPOSIT AGREEMENT dated as of 24 November 2010 (the “**Deposit Agreement**”)

**BETWEEN:**

1. **VALE S.A.**, a sociedade por ações incorporated in Brazil whose registered address is at Avenida Graça Aranha No. 26, 20030-900 Rio de Janeiro, RJ, Brazil and its successors (the “**Company**”), and
2. **JPMORGAN CHASE BANK, N.A.**, a national banking association organized under the laws of the United States of **America** whose principal place of business is at One Chase Manhattan Plaza, Floor 58, New York, New York 10005, as depositary hereunder (the “**Depositary**”).

**WHEREAS:**

- (a) The Company was incorporated in Brazil with limited liability on 11 January 1943.
- (b) As at the date hereof, the Shares (as defined herein) of the Company are listed on the BM&FBOVESPA (the “**São Paulo Stock Exchange**”). Shares are also traded on LATIBEX of the Madrid Stock Exchange and, American Depositary Shares, representing Shares and evidenced by American Depositary Receipts, are listed on the New York Stock Exchange and traded on NYSE Euronext Paris.
- (c) The Company is proposing to apply for the secondary listing of its HDRs (as defined herein) by way of introduction on the Main Board of the Stock Exchange of Hong Kong (as defined herein).
- (d) The Company hereby appoints the Depositary as depositary for the Deposited Securities (defined below) and hereby authorizes and directs the Depositary to act in accordance with the terms set forth in this Deposit Agreement. All capitalized terms used herein have the meanings ascribed to them in Section 1 or elsewhere in this Deposit Agreement.
- (e) The Depositary has agreed to act as Depositary in connection with the issue of the HDRs on the terms and subject to the conditions set out herein.

**THE PARTIES HERETO AGREE** as follows:

**1.1 Certain Definitions.**

- (a) “**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.
- (b) “**CCASS Clearing Participant**” means a person admitted to participate in CCASS as a direct clearing or general clearing participant.
- (c) “**CCASS Custodian Participant**” means a person admitted to participate in CCASS as a custodian participant.
- (d) “**CCASS Investor Participant**” means a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation.

- (e) **“CCASS Participant”** means a CCASS Clearing Participant, CCASS Custodian Participant or a CCASS Investor Participant.
- (f) **“Central Bank”** means Banco Central do Brasil.
- (g) **“Companies Ordinance”** means the Companies Ordinance (Cap 32 of the Laws of Hong Kong).
- (h) **“Custodian”** means the agent or agents of the Depository (singly or collectively, as the context requires) and any additional or substitute Custodian appointed pursuant to Section 9.
- (i) **“CVM”** means Comissão de Valores Mobiliarios (Brazilian Securities and Exchange Commission).
- (j) The terms **“deliver”, “execute”, “issue”, “register”, “surrender”, “transfer” or “cancel”**, when used with respect to Book-Entry HDRs, shall refer to an entry or entries or an electronic transfer or transfers made through CCASS, and, when used with respect to HDRs in physical certificated form, shall refer to the physical delivery, execution, issuance, registration, surrender, transfer or cancellation of certificates representing the HDRs.
- (k) **“Delivery Order”** is defined in Section 3.
- (l) **“Deposited Securities”** as of any time means all Shares at such time deposited under this Deposit Agreement and any and all other Shares, securities, property and cash at such time held by the Depository or the Custodian for the account of the Depository on behalf of the Holders in respect or in lieu of such deposited Shares and other Shares, securities, property and cash.
- (m) **“HDR Register”** is defined in paragraph (3) of the form of HDR.
- (n) **“HDRs”** means the depository receipts executed and delivered hereunder by the Depository as agent for the Company evidencing ownership of the HDSs representing the deposited Shares. HDRs may be either in physical certificated form or Book-Entry HDRs. HDRs in physical certificated form, and the terms and conditions governing the Book-Entry HDRs (as hereinafter defined), shall be substantially in the form of Exhibit A annexed hereto (the **“form of HDR”**). The term **“Book-Entry HDR”** means an HDR deposited in CCASS and traded and settled on a book-entry electronic basis. References to HDRs shall include certificated HDRs and Book-Entry HDRs, unless the context otherwise requires. The form of HDR is hereby incorporated herein and made a part hereof; the provisions of the form of HDR shall be binding upon the parties hereto.
- (o) **“HDSs”** means the Hong Kong Depository Shares representing the interests in the Deposited Securities and evidenced by the HDRs issued hereunder. Subject to paragraph (13) of the form of HDR, each **“HDS”** evidenced by an HDR represents the right to receive one Share and a pro rata share in any other Deposited Securities.
- (p) **“HKSCC”** means Hong Kong Securities Clearing Company Limited.

- (q) **“Holder”** means the person or persons in whose name an HDR is registered as legal owner or owners on the HDR Register.
- (r) **“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China.
- (s) **“Listing Document”** means the listing document to be issued by the Company on or around 29 November 2010 in connection with the listing of its HDRs.
- (t) **“Listing Rules”** means the rules entitled the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”.
- (u) **“Registrar”** means the HDR registrar appointed by the Depository and the Company pursuant to Section 10 which shall be a member of an association of persons approved under section 12 of the Securities and Futures (Stock Market Listing) Rules.
- (v) **“SFO”** means the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).
- (w) **“Shares”** mean the common shares of no par value per share in the capital of the Company, and shall include the rights to receive Shares specified in paragraph (1) of the form of HDR.
- (x) **“Stock Exchange of Hong Kong”** means The Stock Exchange of Hong Kong Limited.
- (y) **“Transfer Office”** is defined in paragraph (3) of the form of HDR. As of the date of this Deposit Agreement, the address of the Transfer Office is: Computershare Hong Kong Investor Services Limited 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (z) **“Withdrawal Order”** is defined in Section 6.

**1.2** In this Deposit Agreement, unless otherwise specified:

- 1.2.1 references to **“Recitals”**, **“Sections”**, **“Clauses”**, **“paragraphs”**, **“Exhibits”** and **“Schedules”** are to recitals, sections, clauses, paragraphs and exhibits of and schedules to this Deposit Agreement;
- 1.2.2 a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
- 1.2.3 references to a **“company”** shall be construed so as to include any company, corporation or other body corporate, whenever and however incorporated or established
- 1.2.4 references to a **“person”** shall be construed so as to include any individual, firm, company, government, state or agency of a state or any joint venture, association or partnership (whether or not having separate legal personality)



- 1.2.5 references to writing shall include any modes of reproducing words in a legible and non-transitory form;
- 1.2.6 references to times of the day, unless otherwise specified, are to Hong Kong time;
- 1.2.7. headings to Clauses, Sections, Exhibits and Schedules are for convenience only and do not affect the interpretation of this Deposit Agreement;
- 1.2.8 the Exhibits, Schedules and Recitals form part of this Deposit Agreement and shall have the same force and effect as if expressly set out in the body of this Deposit Agreement, and any reference to this Deposit Agreement shall include the Exhibits, Schedules and Recitals; and
- 1.2.9 words in the singular shall include the plural (and vice versa) and words importing one gender shall include the other two genders.

**2. HDRs.** (a) HDRs in certificated form shall be engraved, printed or otherwise reproduced at the discretion of the Depositary in accordance with its customary practices in its Hong Kong depositary receipt business and in compliance with the requirements of all applicable laws and regulations, including the Listing Rules, or at the request of the Company typewritten and photocopied on plain or safety paper, and shall be substantially in the form set forth in the form of HDR, with such changes as may be required by the Depositary or the Company, in each case after consultation with the other to the extent practicable, to comply with their obligations hereunder, any applicable law, regulation or usage or to indicate any special limitations or restrictions to which any particular HDRs are subject. HDRs issued in either certificated or book-entry form may be issued in denominations of any number of HDSs. HDRs in certificated form shall be executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary. HDRs in certificated form bearing the facsimile signature of anyone who was at the time of execution a duly authorized officer of the Depositary shall bind the Depositary, notwithstanding that such officer has ceased to hold such office prior to the delivery of such HDRs.

(b) **CCASS.** The Company shall make arrangements for the HDRs to be accepted by HKSCC for deposit, clearance and settlement through CCASS. All HDRs held through CCASS will be registered in the name of the nominee of CCASS, namely, HKSCC Nominees Limited. The Depositary undertakes to comply, on behalf of the Company, with the trading and settlement rules set out in Rules 13.58 to 13.62, 13.64 and 13.66 of the Listing Rules as applicable to the HDRs in accordance with Rule 19B.19 of the Listing Rules, subject to the compliance by the Company hereto with the terms hereof and the payment of any and all charges, fees and expenses provided for by this Deposit Agreement.

**3. Deposit of Shares.** In connection with the deposit of Shares hereunder, the Depositary or the Custodian may require the following in form satisfactory to it: (a) a written order directing the Depositary to issue to, or upon the written order of, the person or persons designated in such order a Book-Entry HDR or HDRs evidencing the number of HDSs representing such deposited Shares (a "Delivery Order"); (b) proper endorsements or duly executed instruments of transfer in respect of such deposited Shares; and (c) instruments assigning to the Depositary, the Custodian or a nominee of either any distribution on or in respect of such deposited Shares or indemnity therefor. The Depositary shall keep, or shall procure that the Custodian keeps, a record of all deposits of Shares. As soon as practicable after the Custodian receives the Deposited Securities pursuant to any such deposit or pursuant to paragraph (10) or (13) of the form of HDR, the Custodian shall present such Deposited

Securities for registration of transfer into the name of the Depository, the Custodian or a nominee of either, to the extent such registration is practicable, at the cost and expense of the person making such deposit (or for whose benefit such deposit is made) and shall obtain evidence satisfactory to it of such registration. Deposited Securities shall be held by the Custodian for the account and to the order of the Depository at such place or places and in such manner as the Depository shall determine. Deposited Securities may be delivered by the Custodian to any person only under the circumstances expressly contemplated in this Deposit Agreement. To the extent that the provisions of or governing the Shares make delivery of certificates therefor impracticable, Shares may be deposited hereunder by such delivery thereof as the Depository or the Custodian may reasonably accept, including, without limitation, by causing them to be credited to an account maintained by the Custodian for such purpose with the Company or an accredited intermediary, such as a bank, acting as a registrar for the Shares, together with delivery of the documents, payments and Delivery Order referred to herein to the Custodian or the Depository. The Depository hereby declares and confirms that it will hold the rights relating to the Deposited Securities and all money and benefits that it may receive in respect of the Deposited Securities for the benefit of the Holders as bare trustee. For the avoidance of doubt, in acting hereunder, the Depository shall have only those duties, obligations and responsibilities expressly specified in this Deposit Agreement and other than holding the Deposited Securities as bare trustee as set out herein, it does not assume any relations of trust for or with the Holder or any other person.

The Depository, the Custodian and the Company shall comply with Brazil's Monetary Council Resolution No. 1,927, dated as of May 18, 1992, in its third article, paragraph three, of the Regulation Annex V, and agree to furnish to the CVM and the Central Bank, at any time and observing the established deadline, information or documents related to the HDRs and this Deposit Agreement, the Deposited Securities and distributions thereon. The Depository and the Custodian are hereby authorized to release such information or documents and any other information as required by local regulation, law or regulatory body request. In the event that the Depository or the Custodian shall be advised in writing by reputable independent Brazilian counsel that the Depository or the Custodian reasonably could be subject to criminal, or material, as reasonably determined by the Depository, civil liabilities as a result of the Company having failed to provide such information or documents related to the HDRs and this Deposit Agreement, the Deposited Securities and distributions thereon, reasonably available only through the Company, the Depository shall have the right to terminate this Deposit Agreement, upon at least 30 days' prior written notice to the Holders and the Company. The effect of any such termination of this Deposit Agreement shall be as provided in paragraph (17) of the form of HDR.

4. **Issue of HDRs.** After any such deposit of Shares, the Custodian shall notify the Depository of such deposit and of the information contained in any related Delivery Order by letter, courier, first class airmail postage prepaid, or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. If, at any time, the Depository deems it necessary or appropriate to comply with relevant securities laws, the Depository shall be entitled to obtain an executed acquirer certificate substantially in the form of Exhibit B hereto (or in such other form as the Depository shall approve) in connection with each such deposit from or on behalf of each person named in the Delivery Order to whom an HDR or HDRs is/are to be registered. After receiving such notice from the Custodian, the Depository, subject to this Deposit Agreement, shall properly issue as agent of the Company at the Transfer Office, to or upon the order of any person named in such notice, an HDR or HDRs registered as requested and evidencing the aggregate HDSs to which such person is entitled.

5. **Distributions on Deposited Securities.** To the extent that the Depository, after consultation with the Company to the extent practicable, determines in its discretion that any

distribution pursuant to paragraph (10) of the form of HDR is not practicable with respect to any Holder, the Depositary may make such distribution as it so deems practicable, including the distribution of foreign currency, securities or property (or appropriate documents evidencing the right to receive foreign currency, securities or property) or the retention thereof as Deposited Securities with respect to such Holder's HDRs (without liability for interest thereon or the investment thereof).

**6. Withdrawal of Deposited Securities.** A Holder may from time to time surrender the HDRs for cancellation and request for the Deposited Securities represented by the HDSs to be transferred to the name of the Holder, in each case in accordance with the terms of this Deposit Agreement. In connection with any surrender of an HDR for withdrawal of the Deposited Securities represented by the HDSs evidenced thereby, the Depositary may require proper endorsement in blank of such HDR (or duly executed instruments of transfer thereof in blank) and the Holder's written order directing the Depositary to cause the Deposited Securities represented by the HDSs evidenced by such HDR to be withdrawn and delivered to, or upon the written order of, any person designated in such order (a "Withdrawal Order"). Directions from the Depositary to the Custodian to deliver Deposited Securities shall be given by letter, courier, first class airmail postage prepaid, or, at the request, risk and expense of the Holder, by cable, telex or facsimile transmission. Delivery of Deposited Securities may be made by the delivery of certificates (which, if required by law shall be properly endorsed or accompanied by properly executed instruments of transfer or, if such certificates may be registered, registered in the name of such Holder or as ordered by such Holder in any Withdrawal Order) or by such other means as the Depositary may deem practicable, including, without limitation, by transfer of record ownership thereof to an account designated in the Withdrawal Order maintained either by the Company or an accredited intermediary, such as a bank, acting as a registrar for the Deposited Securities. The Depositary shall keep, or shall procure that the Custodian keeps, a record of all withdrawals of Deposited Securities.

**7. Substitution of HDRs.** The Depositary shall execute and deliver a new certificated HDR or Book-Entry HDR in exchange and substitution for any mutilated certificated HDR upon cancellation thereof or in lieu of and in substitution for such destroyed, lost or stolen certificated HDR, unless the Depositary has notice that such HDR has been acquired by a bona fide purchaser, upon the Holder thereof filing with the Depositary a request for such execution and delivery and a sufficient indemnity bond and satisfying any other reasonable requirements imposed by the Depositary. The Depositary will comply with the lost certificate replacement procedures applicable to shares set out in the relevant subsection(s) of Section 71A of the Companies Ordinance to the extent practicable.

**8. Cancellation and Destruction of HDRs.** All HDRs surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy HDRs in certificated form so cancelled in accordance with its customary practices.

**9. The Custodian.** The Custodian shall be appointed by the Depositary (after consultation with the Company to the extent practicable) to hold the deposited Shares for the account of the Depositary on behalf of the Holders, segregated from all other property of the Custodian. Any Custodian acting hereunder shall be subject to the directions of the Depositary and shall be responsible solely to it. Such Custodian so appointed (other than JPMorgan Chase Bank) shall give written notice to the Company and the Depositary accepting such appointment and agreeing to be bound by the applicable terms hereof. Except to the extent an affiliate of, or an entity recommended by, the Company acts as a Custodian hereunder, the Depositary shall be responsible for the compliance by the Custodian with any applicable provisions of the Deposit Agreement. Without the appropriate Brazilian

governmental and regulatory authorities' approvals that may be required under laws, rules or regulations of Brazil, no more than one Custodian shall serve hereunder at any given time.

The Depositary reserves the right to add, replace, discharge or remove a Custodian, after consultation with the Company to the extent practicable, provided always that the Depositary will give sufficient notice of any such action to enable the Company to discharge its prior announcement obligation in accordance with Rule 19B.18 of the Listing Rules.

Any Custodian may resign from its duties hereunder by serving at least 30 days written notice to the Depositary at the address set out in Section 17. Any Custodian ceasing to act hereunder as Custodian shall deliver, upon the instruction of the Depositary, all Deposited Securities held by it to a Custodian continuing to act.

Notwithstanding the foregoing, if the removal of a Custodian is made by the Depositary for the protection of the Holders (including, but not limited to, where (i) the Custodian has committed a material breach under the custodian agreement and the breach cannot reasonably be remedied or (ii) the Custodian has become insolvent, or there are legal restrictions for the appointment of the Custodian and the Depositary or the Company could reasonably be expected to incur a loss or liability if the Custodian is not removed), the Depositary is entitled to remove the Custodian immediately subject to the Company having had an opportunity to discharge its prior announcement obligation in accordance with Rule 19B.18 of the Listing Rules.

The Company agrees and undertakes that upon receipt of any notice of a change of any Custodian, it shall as soon as practicable, notify the Stock Exchange of Hong Kong and make appropriate disclosure in accordance with the Listing Rules, including publishing an announcement of the change of the Custodian.

**10. Registrar and Transfer Agent, Co-Registrars and Co-Transfer Agents.** The Depositary shall appoint and may remove the (i) registrar, who the Depositary shall ensure will satisfy the Registrar requirements under the Listing Rules, to maintain the HDR Register and to register HDSs, HDRs and transfers, combinations and split-ups of HDRs and to countersign HDRs in accordance with the terms of any such appointment and (ii) transfer agent for the purpose of effecting transfers, combinations and split-ups of HDRs at designated transfer offices on behalf of the Depositary. The Depositary may appoint and remove (i) co-registrars to register HDRs, HDSs and transfers, combinations and split-ups of HDRs and to countersign HDRs in accordance with the terms of any such appointment and (ii) co-transfer agents for the purpose of effecting transfers, combinations and split-ups of HDRs at designated transfer offices on behalf of the Depositary. Each registrar, transfer agent, co-registrar or co-transfer agent (other than JPMorgan Chase Bank, N.A.) shall give notice in writing to the Company and the Depositary accepting such appointment and agreeing to be bound by the applicable terms of this Deposit Agreement.

**11. Lists of Holders.** The Company shall have the right to inspect transfer records of the Depositary and its agents and the HDR Register, take copies thereof and require the Depositary and its agents to supply copies of such portions of such records as the Company may request. The Depositary or its agent shall furnish to the Company monthly on or before the 5th day of every month a list of names, addresses and holdings of HDRs by all Holders as of the last business day of the previous month. The Depositary or its agent shall so furnish to the Company promptly upon the written request of the Company, the same list as of a date within five days of the Depositary's receipt of such request.

**12. Depository's Agents.** The Depository may perform its obligations under this Deposit Agreement through any agent appointed by it, after consultation with the Company to the extent practicable in the case of an agent which, on the date hereof, is not acting in an agency capacity for JP Morgan Chase Bank, N.A., provided that the Depository shall notify the Company of such appointment and shall remain responsible for the performance of such obligations as if no agent were appointed. As at the date hereof, the Depository has appointed Computershare Hong Kong Investor Services Limited as an agent.

**13. Successor Depository.** The Depository may at any time resign as Depository hereunder by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depository and its acceptance of such appointment as hereinafter provided. The Depository may at any time be removed by the Company by written notice of such removal to the Depository, such removal to take effect upon the appointment of a successor depository and its acceptance of such appointment as hereinafter provided. Notwithstanding the foregoing, if upon the resignation or removal of the Depository a successor depository is not appointed within the applicable 90-day period as specified in paragraph (17) of the form of HDR, then the Depository may elect to terminate this Deposit Agreement and the HDR and the provisions of said paragraph (17) shall thereafter govern the Depository's obligations hereunder. In case at any time the Depository acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depository, which shall be a bank or trust company having an office in Hong Kong. Every successor depository shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depository, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depository, only upon payment of all sums due to it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than its rights to indemnification and fees owing, each of which shall survive any such removal and/or resignation), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding HDRs. Any such successor depository shall promptly mail notice of its appointment to such Holders. Any bank or trust company into or with which the Depository may be merged or consolidated, or to which the Depository shall transfer substantially all its Hong Kong depository receipt business, shall be the successor of the Depository without the execution or filing of any document or any further act. Any successor depository, including in connection with any merger or consolidation of the Depository, shall be acceptable to the Stock Exchange of Hong Kong in accordance with the Listing Rules and to CVM in accordance with the applicable rules and regulations. The Company agrees and undertakes that upon receipt of any notice of resignation from the Depository or its service of notice on the Depository of the termination of its appointment, it shall as soon as practicable, notify the Stock Exchange of Hong Kong and make appropriate disclosure in accordance with the Listing Rules, including publishing an announcement of the prospective resignation, removal and/or replacement of the Depository.

**14. Reports.** Subject to such waivers and exemptions from compliance with the requirements of the Listing Rules as may be granted by the Stock Exchange of Hong Kong to the Company, if the Company is required to send printed copies of any notices, reports, voting forms or other communications to Holders under the Listing Rules or any other laws or regulations, it shall make available printed copies of such notices, reports, voting forms or other communications to the Depository. After receiving such documents or other communications from the Company, the Depository will (a) forward such documents or other communications to the Holders as soon as

reasonably practicable and in any event within any prescribed time limits in accordance with the Listing Rules or other applicable legal or regulatory requirements and (b) make available for inspection at the principal office of the Depositary and the office of the Custodian copies of any such documents or communications received from the Company. The Company has delivered to the Depositary a copy of its bylaws and all other documents governing the Shares and any other Deposited Securities issued by the Company and, promptly upon any change thereto, the Company shall deliver to the Depositary a copy (in English or with an English translation) of such provisions as so changed. The Depositary and its agents may rely upon the Company's delivery thereof for all purposes of this Deposit Agreement.

**15. Additional Shares.** Neither the Company nor any company controlling, controlled by or under common control with the Company shall issue additional Shares, rights to subscribe for Shares, securities convertible into or exchangeable for Shares or rights to subscribe for any such securities or shall deposit any Shares in Hong Kong under this Deposit Agreement, except under circumstances complying in all respects with all the relevant laws and regulations, including, without limitation, the Companies Ordinance, the Listing Rules and the SFO. The Depositary will use reasonable efforts to comply with written instructions of the Company not to accept for deposit hereunder any Shares identified in such instructions at such times and under such circumstances as may reasonably be specified in such instructions in order to facilitate the Company's compliance with securities laws in Hong Kong.

**16. Indemnification.** The Company shall indemnify, defend and save harmless each of the Depositary and its agents against any loss liability or expense (including reasonable fees and expenses of legal advisers) which may arise out of acts performed or omitted, in connection with the provisions of this Deposit Agreement and of the HDRs, as the same may be amended, modified or supplemented from time to time in accordance herewith (i) by either the Depositary or its agents or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of the Depositary or (ii) by the Company or any of its directors, employees, agents or affiliates.

The indemnities set forth in the preceding paragraph shall also apply to any liability or expense which may arise out of any misstatement or alleged misstatement or omission or alleged omission in the Listing Document, except to the extent any such liability or expense arises out of (i) information relating to the Depositary or its agents (other than the Company), as applicable, furnished in writing by the Depositary and not changed or altered by the Company expressly for use in any of the foregoing documents or (ii) if such information is furnished, the failure to state a material fact necessary to make the information furnished not misleading.

Except as provided in the next succeeding paragraph, the Depositary shall indemnify, defend and save harmless the Company against any loss, liability or expense (including reasonable fees and expenses of legal advisers) incurred by the Company in respect of this Deposit Agreement to the extent such loss, liability or expense is due to the negligence or bad faith of the Depositary.

Notwithstanding any other provision of this Deposit Agreement or the form of HDR to the contrary, neither the Company nor the Depositary, nor any of their respective agents, shall be liable to the other for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) (collectively, "**Special Damages**") except (i) to the extent such Special Damages arise from the gross negligence or willful misconduct of the party from whom indemnification is sought or (ii) to the extent Special Damages arise from or out of a claim brought by a third party (including, without limitation,

Holders) against the Depository or its agents, except to the extent such Special Damages arise out of the gross negligence or willful misconduct of the party seeking indemnification hereunder.

The obligations set forth in this Section 16 shall survive the termination of this Deposit Agreement and the succession or substitution of any indemnified person.

**17. Notices.** Notice to any Holder shall be deemed given when first mailed, by courier or first class postage prepaid, to the address of such Holder on the HDR Register or received by such Holder. Notice to the Depository or the Company shall be deemed given when first received by it at the address or facsimile transmission number set forth in (a) or (b), respectively, or at such other address or facsimile transmission number as either may specify to the other by written notice:

(a) JPMorgan Chase Bank, N.A.  
8 Connaught Road,  
Chater House, 28/F, Central  
Hong Kong Tel: (852) 280 1851  
Fax: (852) 2167 7178

*with a copy to:*

JPMorgan Chase Bank, N.A.  
One Chase Manhattan Plaza, Floor 58  
New York, New York 10005  
Attention: HDR Administration  
Fax: (212) 552-6650

(b) Vale S.A.  
Avenida Graca Aranha No. 26, Floor 12  
20030.900  
Rio de Janeiro, RJ, Brazil  
Attention: Roberto Castello Branco  
Fax: (55) 21 3814 9935

**18. Miscellaneous.** (a) This Deposit Agreement is for the exclusive benefit of the Company, the Depository, and their respective successors hereunder, and shall not give any legal or equitable right, remedy or claim whatsoever to any other person. The Company and the Depository will execute a deed poll in substantially the form set out in Exhibit C hereto in favour of and in relation to the rights of the HDR Holders. (b) If any provision of this Deposit Agreement is invalid, illegal or unenforceable in any respect, the remaining provisions shall in no way be affected thereby. (c) This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.

**19. Governing law.** This Deposit Agreement shall be governed and construed in accordance with the laws of Hong Kong.

**20. Consent to Jurisdiction.** The parties agree that the courts of Hong Kong shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deposit Agreement (respectively, “**Proceedings**” and “**Disputes**”) and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Hong Kong, provided always that the parties agree and acknowledge that if the Company irrevocably

submits to any other jurisdiction, the Depositary shall have the right to bring proceedings in any court of competent jurisdiction in that other jurisdiction. Each party irrevocably waives any objection which it might at any time have to the courts of Hong Kong, or such other court as may be chosen by the Depositary, being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of Hong Kong, or such other court as may be chosen by the Depositary, are not a convenient or appropriate forum.

The Depositary hereby appoints Kenneth Tse of JPMorgan Chase Bank, N.A., 20/F, Chater House, 8 Connaught Road, Central, Hong Kong as its agent to receive on its behalf service of process in the courts of Hong Kong. The Company hereby appoints Yu Leung Fai of 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong as its agent to receive on its behalf service of process in the courts of Hong Kong. If such agent ceases to be an agent of the relevant parties, the relevant party shall promptly appoint and notify the other party of the identity of its new agent in Hong Kong.

**21. Condition.** This Deposit Agreement and the obligations of the parties hereto shall be conditional upon the approval of the listing of the HDSs, evidenced by HDRs, representing the Shares, and the trading in those HDSs commencing on the Stock Exchange of Hong Kong. If this condition is not fulfilled on or before 31 December 2010, this Deposit Agreement shall forthwith terminate and neither of the parties hereto shall have any right against or obligation towards the other.



**IN WITNESS WHEREOF** this Deposit Agreement has been executed on behalf of the parties hereto the day and year first before written.

The Company

**SIGNED by** )  
on behalf of **VALE S.A.** )  
in the presence of: )

AND

**SIGNED by** )  
on behalf of **VALE S.A.** )  
in the presence of: )

The Depositary

**SIGNED by** )  
on behalf of )  
**JPMORGAN CHASE BANK, N.A.** )  
in the presence of: )

EXHIBIT A  
ANNEXED TO AND INCORPORATED IN  
DEPOSIT AGREEMENT

[FORM OF FACE OF HDR]

No. of HDSs:

Number

Each HDS represents  
One Share

CUSIP:

HONG KONG DEPOSITARY RECEIPT

evidencing

HONG KONG DEPOSITARY SHARES

representing

COMMON SHARES

of

VALE S.A.

(Incorporated under the laws of Brazil)

**NEITHER THIS HDR, NOR THE HDSs EVIDENCED HEREBY, HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY BE RE-OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.<sup>1</sup>**

JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States of America, as depositary hereunder (the "Depositary"), hereby certifies that \_\_\_\_\_ is the registered owner (a "Holder") of \_\_\_\_\_ Hong Kong Depositary Shares ("HDSs"), each (subject to paragraph (13)) representing one common share (including the rights to receive Shares described in paragraph (1), "Shares" and, together with any other securities, cash or property from time to time held by the Depositary in respect or in lieu of deposited Shares, the "Deposited Securities"), of Vale S.A., a corporation organized under the laws of Brazil (the "Company"), deposited under the Deposit Agreement dated as of [DATE] , (as amended from time to time, the "Deposit Agreement") between the Company and the Depositary. This Hong Kong Depositary Receipt ("HDR") (which includes

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<sup>1</sup> To be included for so long as the Depositary deems it necessary or appropriate to comply with relevant securities laws.

the provisions set forth on the reverse hereof) shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

**(1) Issuance and Pre-Release of HDSs.** This HDR is one of the HDRs issued under the Deposit Agreement. Subject to paragraph (4) and except in the case of a Pre-Release as provided below in this paragraph (1), the Depositary may issue HDRs for delivery at the Transfer Office (as defined in paragraph (3)) only against deposit with the Custodian of (a) Shares in form satisfactory to the Custodian; or (b) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transaction. Every person depositing Shares under the Deposit Agreement represents and warrants that such Shares are validly issued and outstanding, fully paid and non-assessable, and free from all liens and that the pre-emptive rights (if any) with respect to such Shares have been validly waived or exercised, and that the person making such deposit is duly authorized so to do. Subject to the further terms and provisions of this paragraph (1), the Depositary, its affiliates and their agents, on their own behalf, may own and deal in any class of securities of the Company and its affiliates and in HDSs. In its capacity as Depositary, the Depositary shall not lend Shares or HDSs; provided, however, that the Depositary may (i) issue HDSs prior to the receipt of Shares and (ii) deliver Shares prior to the receipt of HDSs for withdrawal of Deposited Securities, including HDSs which were issued under (i) above but for which Shares may not have been received (each such transaction a "Pre-Release"). The Depositary may receive HDSs in lieu of Shares under (i) above (which HDSs will promptly be canceled by the Depositary upon receipt by the Depositary) and receive Shares in lieu of HDSs under (ii) above. Each such Pre-Release will be subject to a written agreement whereby the person or entity (the "Applicant") to whom HDSs or Shares are to be delivered (a) represents that at the time of the Pre-Release the Applicant or its customer owns the Shares or HDSs that are to be delivered by the Applicant under such Pre-Release, (b) agrees to indicate the Depositary as owner of such Shares or HDSs in its records and to hold such Shares or HDSs in trust for the Depositary until such Shares or HDSs are delivered to the Depositary or the Custodian, (c) unconditionally guarantees to deliver to the Depositary or the Custodian, as applicable, such Shares or HDSs, and (d) agrees to any additional restrictions or requirements that the Depositary deems appropriate. Each such Pre-Release will be at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary deems appropriate, terminable by the Depositary on not more than five (5) business days' notice and subject to such further indemnities and credit regulations as the Depositary deems appropriate. The Depositary will normally limit the number of HDSs and Shares involved in such Pre-Release at any one time to twenty percent (20%) of the HDSs outstanding (without giving effect to HDSs outstanding under (i) above), provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may also set limits with respect to the number of HDSs and Shares involved in Pre-Release with any one person on a case-by-case basis as it deems appropriate. The Depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided pursuant to (b) above, but not the earnings thereon, shall be held for the benefit of the Holders (other than the Applicant).

**(2) Withdrawal of Deposited Securities.** A Holder may from time to time surrender the HDRs for cancellation and request for the Deposited Securities represented by the HDSs to be transferred to the name of the Holder, in each case in accordance with the terms of the Deposit Agreement. Subject to paragraphs (4) and (5) and to the provisions of and all applicable laws and regulations governing the Deposited Securities (including applicable Brazilian law), upon surrender of (i) a certificated HDR in form satisfactory to the Depositary at the Transfer Office or (ii) proper instructions and documentation in the case of a Book-Entry HDR, the Holder hereof is entitled to delivery at, or to the extent in dematerialized form from, the Custodian's office of the Deposited Securities at the time

represented by the HDSs evidenced by this HDR, provided that the Depositary may deliver Shares prior to the receipt of HDSs for withdrawal of Deposited Securities, including HDSs which were issued under (1) above but for which Shares may not have been received (until such HDSs are actually deposited, "Pre-released Shares") only if all the conditions in (1) above related to such Pre-Release are satisfied). At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities at such other place as may have been requested by the Holder.

**(3) Transfers of HDRs.** The Depositary or its agent will keep, at a designated transfer office in Hong Kong (the "**Transfer Office**"), (a) a register (the "**HDR Register**") for the registration of HDRs and their Holders and the registration of issue, transfer, combination, split-up and cancellation of HDRs, which at all reasonable times will be open for inspection by Holders and the Company for the purpose of communicating with Holders in the interest of the business of the Company or a matter relating to the Deposit Agreement and (b) facilities for the delivery and receipt of HDRs. Title to this HDR (and to the Deposited Securities represented by the HDSs evidenced hereby), when properly endorsed (in the case of HDRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer, is transferable by delivery with the same effect as in the case of negotiable instruments under the laws of Hong Kong; provided that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this HDR is registered on the HDR Register as the absolute owner hereof for all purposes and neither the Depositary nor the Company will have any obligation or be subject to any liability under the Deposit Agreement to any person holding or in possession of or claiming or alleging ownership or any right to an HDR, unless such person is the Holder thereof. Subject to paragraphs (4) and (5), this HDR is transferable on the HDR Register and may be split into other HDRs or combined with other HDRs into one HDR, evidencing the aggregate number of HDSs surrendered for split-up or combination, by the Holder hereof or by duly authorized attorney upon surrender of this HDR at the Transfer Office properly endorsed (in the case of HDRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer and duly stamped as may be required by applicable law; provided that the Depositary may close the HDR Register at any time or from time to time when deemed expedient by it (after making reasonable effort to consult with the Company to the extent practicable in the case of any closure outside the ordinary course of business) or requested by the Company. All transfers of HDRs shall be effected by transfer in the usual or common form or in such other form as the Depositary may accept provided always that it shall be in such a form prescribed by the Stock Exchange of Hong Kong and may be under hand only, or if the transferor or transferee is a nominee of CCASS, under hand or by machine imprinted signature or by such other means of execution as the Depositary may approve from time to time. At the request of a Holder, the Depositary shall, for the purpose of substituting a certificated HDR with a Book-Entry HDR, or vice versa, execute and deliver a certificated HDR or a Book-Entry HDR, as the case may be, for any authorized number of HDSs requested, evidencing the same aggregate number of HDSs as those evidenced by the certificated HDR or Book-Entry HDR, as the case may be, substituted. Nothing in this certificate or the Deposit Agreement affects the right of the Company under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) to investigate the ownership of the Shares or title to this HDR (and to the Deposited Securities represented by the HDSs evidenced by them).

**(4) Certain Limitations.** Prior to the issue, registration, registration of transfer, split-up or combination of any HDR, the delivery of any distribution in respect thereof, the withdrawal of any Deposited Securities, and from time to time in the case of clause (b)(ii) of this paragraph (4), the Company, the Depositary or the Custodian may require: (a) payment with respect thereto of (i) any stamp duty, stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon

any applicable register and (iii) any applicable charges as provided in paragraph (7) of this HDR; (b) the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and this HDR, as it may deem necessary or proper; and (c) compliance with such regulations as the Depositary may establish consistent with the Deposit Agreement and any regulation which the Company may notify the Depositary in writing and which is deemed desirable by the Depositary, the Company or the Custodian to facilitate compliance with any applicable rules or regulations of Banco Central do Brasil or CVM. The issuance of HDRs, the acceptance of deposits of Shares, the registration, registration of transfer, split-up or combination of HDRs, the withdrawal of Deposited Securities may be suspended, generally or in particular instances, when the HDR Register or any register for Deposited Securities is closed or when any such action is deemed advisable by the Depositary or the Company.

**(5) Taxes.** If any tax or other governmental charge shall become payable by or on behalf of the Custodian or the Depositary with respect to this HDR, any Deposited Securities represented by the HDSs evidenced hereby or any distribution thereon, such tax or other governmental charge shall be paid by the Holder hereof to the Depositary. The Depositary may refuse to effect any registration, registration of transfer, split-up or combination hereof or, subject to the last sentence of paragraph (2), any withdrawal of such Deposited Securities until such payment is made. The Depositary may also deduct from any distributions on or in respect of Deposited Securities, or may sell by public or private sale for the account of the Holder hereof any part or all of such Deposited Securities (after attempting by reasonable means to notify the Holder hereof prior to such sale), and may apply such deduction or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder hereof remaining liable for any deficiency, and shall reduce the number of HDSs evidenced hereby to reflect any such sales of Shares. The Depositary will forward to the Company in a timely manner such information from its records as the Company may reasonably request to enable the Company to file necessary reports with governmental authorities or agencies, and either the Company or the Depositary may file any such reports necessary to obtain benefits under any applicable tax treaties for Holders. In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Depositary or the Custodian. If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may, after consultation with the Company to the extent practicable, dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto. Each Holder of an HDR or an interest therein agrees to indemnify the Depositary, the Company, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

**(6) Disclosure of Interests.** To the extent that the provisions of or any applicable laws and regulations governing any Deposited Securities (including the Company's Securities and Trading Policy and Disclosure Policy in force from time to time or the laws, rules or regulations of any jurisdiction in

which the Shares of the Company are listed from time to time (in whatever form)) may require disclosure of or impose limits on beneficial or other ownership of Deposited Securities, other shares or other securities of the Company and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, Holders (including all beneficial owners of the HDRs) agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions of the Company or the Depositary in respect thereof. For the avoidance of doubt, HKSCC and HKSCC Nominees Limited (or any successor thereto) shall be exempted from any requirement to make any declaration or representations and/or to provide information on the nationality, identity and/or other particulars of the beneficial owners of the HDRs and the Company and the Depositary acknowledge that HKSCC and HKSCC Nominees Limited do not recognize the interest of the CCASS Participants' clients in respect of HDRs deposited into CCASS. The Company reserves the right to instruct Holders to deliver their HDSs for cancellation and withdrawal of the Deposited Securities so as to permit the Company to deal directly with the Holder thereof as a holder of Shares and Holders agree to comply with such instructions. The Depositary agrees to cooperate with the Company in its efforts to inform Holders of the Company's exercise of its rights under this paragraph and agrees to consult with, and provide reasonable assistance without risk, liability or expense on the part of the Depositary, to the Company on the manner or manners in which it may enforce such rights with respect to any Holder.

**(7) Fees and Charges of Depositary.** The Depositary may collect from (i) each person to whom HDSs are issued, including, without limitation, issuances against deposits of Shares, issuances in respect of Share Distributions, Rights and Other Distributions (as such terms are defined in paragraph (10)), issuances pursuant to a stock dividend or stock split declared by the Company, or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the HDSs or the Deposited Securities, and (ii) each person surrendering HDSs for withdrawal of Deposited Securities or whose HDSs are cancelled or reduced for any other reason, HK\$0.40 for each HDS (or portion thereof) issued, delivered, reduced, cancelled or surrendered (as the case may be). For the avoidance of doubt, HKSCC Nominees Limited, as the nominee for CCASS Participants, excluding its participants, shall not be liable to the Depositary for the payment or collection of any fees or charges and, accordingly, any reference in this Section 7 to "Holder" shall, in the case of HKSCC Nominees Limited being a Holder by being the registered owner of HDRs holding as nominee for the benefit of CCASS Participants, mean those CCASS Participants and not HKSCC Nominees Limited. The Depositary may sell (by public or private sale) sufficient securities and property received in respect of Share Distributions, Rights and Other Distributions prior to such deposit to pay such charge. The following additional charges shall be incurred by the Holders, by any party depositing or withdrawing Shares or by any party surrendering HDSs, to whom HDSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the HDSs or the Deposited Securities or a distribution of HDSs pursuant to paragraph (10)), whichever is applicable: (i) a fee of HK\$0.40 or less per HDS for any Cash distribution made pursuant to the Deposit Agreement, (ii) a fee of HK\$2.50 per HDR or HDRs for transfers made pursuant to paragraph (3) hereof, (iii) a fee for the distribution or sale of securities pursuant to paragraph (10) hereof, such fee being in an amount equal to the fee for the execution and delivery of HDSs referred to above which would have been charged as a result of the deposit of such securities (for purposes of this paragraph (7) treating all such securities as if they were Shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the Depositary to Holders entitled thereto, (iv) an aggregate fee of HK\$0.40 per HDS per calendar year (or portion thereof) for services performed by the Depositary in administering the HDRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against Holders as of the record date or record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge

from one or more cash dividends or other cash distributions), and (v) such fees and expenses as are incurred by the Depositary and/or any of its agents (including without limitation expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the Shares or other Deposited Securities (including, without limitation, Deposited Securities), the delivery of Deposited Securities or otherwise in connection with the Depositary's or its Custodian's compliance with applicable law, rule or regulation. The Company will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between the Company and the Depositary, except (i) stamp duty, stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares), (ii) cable, telex and facsimile transmission and delivery charges incurred at the request of persons depositing, or Holders delivering Shares, HDRs or Deposited Securities (which are payable by such persons or Holders), (iii) transfer or registration fees for the registration or transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees in respect of the Shares as of the date of the Deposit Agreement), (iv) expenses of the Depositary in connection with the conversion of foreign currency into Hong Kong dollars (which are paid out of such foreign currency), and (v) any other charge payable by any of the Depositary, any of the Depositary's agents, including, without limitation, the Custodian, or the agents of the Depositary's agents in connection with the servicing of the Shares or other Deposited Securities (which charge shall be assessed against Holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions). Such charges may at any time and from time to time be changed by agreement between the Company and the Depositary.

**(8) Available Information.** Any written communications from the Company, which are both received by the Custodian or its nominee as a holder of Deposited Securities and made generally available to the holders of Deposited Securities, are available on the Company's website. The Deposit Agreement, the provisions of or governing Deposited Securities and any written communications from the Company, if issued in printed form, are available for inspection by Holders at the offices of the Company and at the Transfer Office. The Depositary will distribute copies of any such written communications to Holders when furnished by the Company. The Depositary does not assume any liability to any communication made by the Company to Holders.

**(9) Execution.** This HDR shall not be valid for any purpose unless executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary.



Dated:

JPMORGAN CHASE BANK, N.A., as Depositary

By \_\_\_\_\_  
Authorized Officer

The Depositary's office is located at One Chase Manhattan Plaza, New York, New York 10005.

[FORM OF REVERSE OF HDR]

**(10) Distributions on Deposited Securities.** Subject to paragraphs (4) and (5), to the extent practicable, the Depositary will, after consultation with the Company to the extent practicable, distribute to each Holder entitled thereto on the record date set by the Depositary therefor at such Holder's address shown on the HDR Register, in proportion to the number of Deposited Securities (on which the following distributions on Deposited Securities are received by the Custodian) represented by HDSs evidenced by such Holder's HDRs: **(a) Cash.** Any Hong Kong dollars available to the Depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in this paragraph (10) ("Cash"), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain Holders, and (iii) deduction of the Depositary's expenses in (1) converting any foreign currency to Hong Kong dollars at such prevailing exchange rate as may be available at the time of conversion by sale or in such other manner as the Depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or Hong Kong dollars to Hong Kong by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If the Company shall have advised the Depositary pursuant to the provisions of the Deposit Agreement that any such conversion, transfer or distribution can be effected only with the approval or license of the Brazilian Government or any agency thereof or the Depositary shall become aware of any other governmental approval or license required therefor, the Depositary may, in its discretion, apply for such approval or license as the Company or its Brazilian counsel may reasonably advise in writing or as the Depositary may deem desirable, including, without limitation, registration with Banco Central do Brasil. **(b) Shares.** (i) Additional HDRs evidencing whole HDSs representing any Shares available to the Depositary resulting from a dividend or free distribution on Deposited Securities consisting of Shares (a "Share Distribution") and (ii) Hong Kong dollars available to it resulting from the net proceeds of sales of Shares received in a Share Distribution, which Shares would give rise to fractional HDSs if additional HDRs were issued therefor, as in the case of Cash. **(c) Rights.** (i) Warrants or other instruments in the discretion of the Depositary representing rights to acquire additional HDRs in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities ("Rights"), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or (ii) to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any Hong Kong dollars available to the Depositary from the net proceeds of sales of Rights as in the case of Cash, or (iii) to the extent the Company does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the non-transferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may lapse). **(d) Other Distributions.** (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights ("Other Distributions"), by any means that the Depositary may deem equitable and practicable, or (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, any Hong Kong dollars available to the Depositary from the net proceeds of sales of Other Distributions as in the case of Cash. The Depositary reserves the right to utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities hereunder. Such division, branch or affiliate may charge the Depositary a fee in connection with such sales, which fee is

considered an expense of the Depositary as contemplated above and/or under paragraph (7) hereof. Neither the Depositary nor any of its agents shall have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act, nor shall it or any of its agents be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained. Such Hong Kong dollars available will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the Depositary in accordance with its then current practices.

**(11) Record Dates.** The Depositary may, after consultation with the Company if practicable, fix a record date (which, to the extent applicable, shall be as near as practicable to any corresponding record date set by the Company) for the determination of the Holders who shall be responsible for the fee assessed by the Depositary for administration of the HDR program and for any expenses provided for in paragraph (7) hereof as well as for the determination of the Holders who shall be entitled to receive any distribution on or in respect of Deposited Securities, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such Holders shall be so entitled or obligated.

**(12) Voting of Deposited Securities.** As soon as practicable after receipt from the Company of notice of any meeting or solicitation of interests or intention to vote at any meeting or proxies of holders of Shares or other Deposited Securities, which notice must be sent by the Company to allow for adequate time for the Depositary to distribute such notice as described herein, the Depositary shall distribute to Holders a notice stating (a) such information as is contained in such notice and any solicitation materials, (b) that each Holder on the record date set by the Depositary therefor will, subject to any applicable provisions of Brazilian, Hong Kong and other applicable law and the Company's estatuto social, be entitled to appoint the Depositary or other persons as its proxy and instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by the HDSs evidenced by such Holder's HDRs and (c) the manner in which such instructions may be given. Upon receipt of instructions of a Holder on such record date in the manner and on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable and permitted under the provisions of or governing Deposited Securities to vote or cause to be voted the Deposited Securities represented by the HDSs evidenced by such Holder's HDRs in accordance with such instructions. The Depositary will not itself exercise any voting discretion in respect of any Deposited Securities. The Depositary shall have no liability hereunder if the obligations above are not complied with. To the extent permitted by the Company, Holders may attend any meeting of holders of Shares or other Deposited Securities but may not vote in person at such meeting.

**(13) Changes Affecting Deposited Securities.** Subject to paragraphs (4) and (5), the Depositary may, in its discretion, amend this HDR or distribute additional or amended HDRs (with or without calling this HDR for exchange) or cash, securities or property on the record date set by the Depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of Deposited Securities, any Share Distribution or Other Distribution not distributed to Holders or any cash, securities or property available to the Depositary in respect of Deposited Securities from (and the Depositary is hereby authorized to surrender any Deposited Securities to any person and, irrespective of whether such Deposited Securities are surrendered or otherwise cancelled by operation of law, rule, regulation or otherwise, to sell by public or private sale any property received in connection with) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the Company, and to the extent the Depositary does not so amend this HDR or make a distribution to Holders to reflect any of the foregoing, or the net proceeds

thereof, whatever cash, securities or property results from any of the foregoing shall constitute Deposited Securities and each HDS evidenced by this HDR shall automatically represent its pro rata interest in the Deposited Securities as then constituted.

**(14) Exoneration.** The Depository, the Company, their agents and each of them shall: (a) incur no liability (i) if any present or future law, rule, regulation, fiat, order or decree of the United States, Brazil, Hong Kong or any other country, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system or the Company's estatuto social, the provisions of or governing any Deposited Securities, any present or future provision of the Company's by-laws, any act of God, war, terrorism or other circumstance beyond its control shall prevent, delay or subject to any civil or criminal penalty any act which the Deposit Agreement or this HDR provides shall be done or performed by it or them (including, without limitation, voting pursuant to paragraph (12) hereof), or (ii) by reason of any exercise or failure to exercise any discretion given it in the Deposit Agreement or this HDR; (b) assume no liability except to perform its obligations to the extent they are specifically set forth in this HDR and the Deposit Agreement without negligence or bad faith; (c) in the case of the Depository and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this HDR; (d) in the case of the Company and its agents hereunder be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this HDR, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; or (e) not be liable for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, or any other person believed by it to be competent to give such advice or information.

The Depository shall not be liable for the acts or omissions made by any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Securities or otherwise. The Depository shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A. The Depository, its agents and the Company may rely and shall be protected in acting upon any written notice, request, direction or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Depository and its agents will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, for the manner in which any such vote is cast or for the effect of any such vote. The Depository and its agents may own and deal in any class of securities of the Company and its affiliates and in HDRs. Notwithstanding anything to the contrary set forth in the Deposit Agreement or an HDR, the Company, the Depository and their respective agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any Holder or Holders, any HDR or HDRs or otherwise related hereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. None of the Depository, the Custodian or the Company shall be liable for the failure by any Holder or beneficial owner to obtain the benefits of credits on the basis of non-U.S. tax paid against such Holder's or beneficial owner's income tax liability. The Depository and the Company shall not incur any liability for any tax consequences that may be incurred by Holders and beneficial owners on account of their ownership of the HDRs or HDSs. The Company has agreed to indemnify the Depository and its agents under certain circumstances and the Depository has agreed to indemnify the Company under certain circumstances. Neither the Depository nor any of its respective agents shall be liable to Holders or

beneficial owners of interests in HDSs for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought. No disclaimer of liability under the Securities Act of 1933 is intended by any provision hereof.

**(15) Resignation and Removal of Depositary; the Custodian.** The Depositary may resign as Depositary by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by prior written notice of such removal, to become effective upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may appoint substitute or additional Custodians, after consultation with the Company to the extent practicable, and the term “**Custodian**” refers to each Custodian or all Custodians as the context requires. The Company agrees and undertakes that upon receipt of any notice of resignation from the Depositary or its service of notice on the Depositary of the termination of its appointment, it shall as soon as practicable, notify the Stock Exchange of Hong Kong and make appropriate disclosure in accordance with the Listing Rules, including publishing an announcement of the prospective resignation, removal and/or replacement of the Depositary.

**(16) Amendment.** The HDRs and the Deposit Agreement may be amended by the Company and the Depositary only in accordance with this clause.

(i) Any amendment that imposes or increases any fees or charges payable under a single head of fee/charge mentioned in clause 7 above in respect of one HDR (other than any imposition or increase in fees or charges in the nature of stamp duty, stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), which shall become effective in accordance with clause 16(iii) below) (“**Relevant Fees or Charges**”) by 25% or HK\$1.00 (whichever is the lesser increase) or less from the Relevant Fees or Charges in effect at the time of such proposed amendment shall become effective 30 days after notice of such amendment shall have been given to the Holders and every Holder of an HDR at the time any such amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such HDR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby.

(ii) In respect of any amendment that either increases any Relevant Fees or Charges payable under a single head of fee/charge mentioned in clause 7 above in respect of one HDR by more than 25% or HK\$1.00 (whichever is the lesser increase) from the Relevant Fees or Charges in effect at the time of such proposed amendment, or any amendment to the Deposit Agreement (including any amendment that relate to any matter set out in Rule 19B.16(a) to (t) of the Listing Rules) that, at the direction of the Company in its sole opinion and absolute discretion (which shall be exercised with reasonable care), will prejudice any substantial rights of the Holders, the Depositary shall provide Holders with a notice (“**Amendment Notice**”) of the amendments and such Amendment Notice shall set out the period (which shall not be less than 21 days nor exceed 60 days from the date of the Amendment Notice) during which Holders shall be entitled to vote for or against such amendments, the record date for determining entitlement to vote, all necessary details regarding the procedures by which Holders may cast their votes, and the method and date on or by which the results of the votes will be notified to the Holders, and any Holder who does not vote (for whatever reason) in accordance with the terms and procedures set out in the Amendment Notice shall be taken to have abstained from voting. A

proposal for any such amendment shall be approved by a majority of votes cast in favour, and votes must be cast in respect of HDRs held by at least three Holders or, if there are fewer than three Holders, by all Holders who cast their vote. For the avoidance of doubt, the Company shall have the sole and absolute discretion (which shall be exercised with reasonable care) to determine if any amendment will prejudice the substantial rights of the Holders. Any amendments or supplements which both (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for the HDSs or Shares to be traded solely in electronic book-entry form and also (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders. The Amendment Notice and other materials related to voting for each proposed amendment under this clause 16(ii) will be published on the website of the Stock Exchange of Hong Kong.

(iii) Subject, for the avoidance of doubt, to clause 16(ii) above in respect of amendments mentioned therein, any other amendments may be made by agreement between the Company and the Depositary and shall become effective in accordance with the terms of such agreement. Further, and without limiting the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement or the form of HDR to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the HDR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance. In no event shall any amendment impair the right of the Holder of any HDR to surrender such HDR and receive the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

**(17) Termination.** The Depositary may, and shall at the written direction of the Company, terminate the Deposit Agreement and this HDR by mailing notice of such termination to the Holders at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the Depositary shall have (i) resigned as Depositary hereunder, notice of such termination by the Depositary shall not be provided to Holders unless a successor depositary shall not be operating hereunder within 90 days of the date of such resignation, and (ii) been removed as Depositary hereunder, notice of such termination by the Depositary shall not be provided to Holders unless a successor depositary shall not be operating hereunder on the 90<sup>th</sup> day after the Company's notice of removal was first provided to the Depositary. After the date so fixed for termination, the Depositary and its agents will perform no further acts under the Deposit Agreement and this HDR, except to receive and hold (or sell) distributions on Deposited Securities and deliver Deposited Securities being withdrawn. As soon as practicable after the expiration of six months from the date so fixed for termination, the Depositary shall sell the Deposited Securities and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the Holders of HDRs not theretofore surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Deposit Agreement and this HDR, except to account for such net proceeds and other cash. After the date so fixed for termination, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary and its agents.

**(18) Appointment.** The Company hereby appoints the Depositary as depositary for the Deposited Securities and hereby authorizes and directs the Depositary to act on behalf of the Company in accordance with the terms set forth in the Deposit Agreement. Each Holder and each person holding an interest in HDSs, upon acceptance of any HDSs (or any interest therein) issued in accordance with the

terms and conditions of the Deposit Agreement shall be deemed for all purposes to (a) be bound by the terms of the Deposit Agreement and the applicable HDR(s), and (b) appoint the Depository its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the Deposit Agreement and the applicable HDR(s), to adopt any and all procedures necessary to comply with applicable law and to take such action as the Depository in its sole discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable HDR(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

EXHIBIT B

FORM OF ACQUIRER CERTIFICATE

[Certification of acquirers of HDRs or beneficial interests in HDRs upon deposit of Shares]

[DATE]

JPMorgan Chase Bank, N.A., as Depositary  
One Chase Manhattan Plaza, Floor 58  
New York, New York 10005

Re: [NAME OF ISSUER]

Dear Sirs:

Reference is hereby made to the Deposit Agreement, dated as of November , 2010 (the "Deposit Agreement"), between [NAME OF ISSUER] (the "Company") and JPMorgan Chase Bank, N.A., as Depositary.

Capitalized terms used but not defined herein shall have the meanings given them in the Deposit Agreement. References to the Deposit Agreement include the certification and other procedures established by the Depositary pursuant to such agreement.

This certification and agreement is furnished in connection with the deposit of Shares and issuance of HDSs to be evidenced by one or more HDRs pursuant to Section 3 and Section 4, respectively, of the Deposit Agreement.

We acknowledge (or if we are a broker-dealer, our customer has confirmed to us that it acknowledges) that by depositing the Shares, the HDRs and the HDSs evidenced thereby to be issued upon such deposit have not been registered under the U.S. Securities Act of 1933, as amended (the "Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may be re-offered, resold, pledged or otherwise transferred only in compliance with the Act and applicable laws of the states, territories and possessions of the United States governing the offer and sale of securities.

We certify that either:

A. We are, or at the time the Shares are deposited and at the time the HDRs are issued will be, the beneficial owner of the Shares and of the HDSs evidenced by such HDR or HDRs, and (i) we are not a U.S. person (as defined in Regulation S under the Act ("Regulation S")) and we are located outside the United States (within the meaning of Regulation S) and acquired, or have agreed to acquire and will have acquired, the Shares to be deposited, and the HDSs to be issued upon such deposit and evidenced by such HDR or HDRs, outside the United States (within the meaning of Regulation S), and (ii) we are not an affiliate (as such term is defined in Regulation C under the Act) of the Company or a person acting on behalf of such an affiliate (as such term is defined in Regulation C under the Act).

OR

B. We are a broker-dealer acting on behalf of our customer; our customer has confirmed to us that it is, or at the time the Shares are deposited and at the time the HDRs are issued will be, the



beneficial owner of the Shares and of the HDSs evidenced by such HDR or HDRs, and (i) it is not a U.S. person (as defined in Regulation S) and it is located outside the United States (within the meaning of Regulation S) and acquired, or has agreed to acquire and will have acquired, the Shares to be deposited, and the HDSs to be issued upon such deposit and evidenced by such HDR or HDRs, outside the United States (within the meaning of Regulation S), and (ii) it is not an affiliate (as such term is defined in Regulation C under the Act) of the Company or a person acting on behalf of such an affiliate (as such term is defined in Regulation C under the Act).

Very truly yours,

[Name of Certifying Entity]

[By: \_\_\_\_\_  
Name:  
Title: ]

EXHIBIT C  
FORM OF DEED POLL  
DEED POLL

THIS DEED POLL is made in favour of Holders of Depositary Shares on [DATE], by (i) Vale S.A., a sociedade por ações incorporated in Brazil whose registered address is at Avenida Graça Aranha No. 26, 20030-900 Rio de Janeiro, RJ, Brazil and its successors (the “Company”) and (ii) JPMorgan Chase Bank, N.A. (the “Depositary”).

WHEREAS:

(A) The Company has entered into a deposit agreement dated [DATE], with the Depositary relating to Shares of the Company in respect of which Depositary Shares have been issued (such agreement, as amended or supplemented, being hereinafter referred to as the “Deposit Agreement”).

(B) The Company intends to allow Holders to enforce certain specified obligations of the Company under the Deposit Agreement as if they were originally parties to the Deposit Agreement.

NOW THIS DEED WITNESSETH AS FOLLOWS and is made by way of deed poll:

1. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the Deposit Agreement.
2. The Company agrees that, if the Company is in breach of any obligation towards the Holders imposed upon it by the provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it was a party to the Deposit Agreement and in the capacity of the “Depositary” named therein in respect of the number of Deposited Securities to which the Depositary Shares held by the Holder relate. The Company further undertakes to indemnify the Holder for any direct loss arising from or incurred in connection with or otherwise relating to the breach by the Company of any such provisions.
3. The Company and the Depositary further agree, for the avoidance of doubt, that each Holder shall be able to enforce against the Company and the Depositary the rights to which it is entitled to under the Deposit Agreement and the HDRs pursuant to and in the terms set out in Section 18 of the HDRs.
4. This Deed Poll shall enure for the benefit of the Holders and their successors or assigns of Depositary Shares and shall be deposited with and held by the Depositary.
5. This Deed Poll shall be governed by, and shall be construed in accordance with, the laws of Hong Kong.
6. The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed Poll, and accordingly, any legal action or proceedings arising out of or in connection with this Deed Poll (“Proceedings”) may be brought in such courts. The Company irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Holders and shall not limit the right of the Holders to take Proceedings in any other court of competent jurisdiction nor shall the taking

of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

7. The Company irrevocably appoints Yu Leung Fai of 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong, as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong. If for any reason the Company does not have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Yours faithfully,

For and on behalf of  
Vale S.A.

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Name:  
Title:

For and on behalf of  
JPMorgan Chase Bank, N.A.

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Name:  
Title:

**D. DEPOSITARY AGREEMENTS**

**D2. CLASS A PREFERRED HDSs**

DEPOSIT AGREEMENT

BETWEEN  
VALE S.A.  
AND  
JPMORGAN CHASE BANK, N.A. as  
Depositary



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DEPOSIT AGREEMENT dated as of 24 November 2010 (the “**Deposit Agreement**”)

**BETWEEN:**

1. **VALE S.A.**, a sociedade por ações incorporated in Brazil whose registered address is at Avenida Graça Aranha No. 26, 20030-900 Rio de Janeiro, RJ, Brazil and its successors (the “**Company**”), and
2. **JPMORGAN CHASE BANK, N.A.**, a national banking association organized under the laws of the United States of America whose principal place of business is at One Chase Manhattan Plaza, Floor 58, New York, New York 10005, as depositary hereunder (the “**Depositary**”).

**WHEREAS:**

- (a) The Company was incorporated in Brazil with limited liability on 11 January 1943.
- (b) As at the date hereof, the Shares (as defined herein) of the Company are listed on the BM&FBOVESPA (the “**Sao Paulo Stock Exchange**”). Shares are also traded on LATIBEX of the Madrid Stock Exchange and, American Depositary Shares, representing Shares and evidenced by American Depositary Receipts, are listed on the New York Stock Exchange and traded on NYSE Euronext Paris.
- (b) The Company is proposing to apply for the secondary listing of its HDRs (as defined herein) by way of introduction on the Main Board of the Stock Exchange of Hong Kong (as defined herein).
- (d) The Company hereby appoints the Depositary as depositary for the Deposited Securities (defined below) and hereby authorizes and directs the Depositary to act in accordance with the terms set forth in this Deposit Agreement. All capitalized terms used herein have the meanings ascribed to them in Section 1 or elsewhere in this Deposit Agreement.
- (e) The Depositary has agreed to act as Depositary in connection with the issue of the HDRs on the terms and subject to the conditions set out herein.

**THE PARTIES HERETO AGREE** as follows:

**1.1. Certain Definitions.**

- (a) “**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.
- (b) “**CCASS Clearing Participant**” means a person admitted to participate in CCASS as a direct clearing or general clearing participant.
- (c) “**CCASS Custodian Participant**” means a person admitted to participate in CCASS as a custodian participant.
- (d) “**CCASS Investor Participant**” means a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation.

- (e) **“CCASS Participant”** means a CCASS Clearing Participant, CCASS Custodian Participant or a CCASS Investor Participant.
- (f) **“Central Bank”** means Banco Central do Brasil.
- (g) **“Companies Ordinance”** means the Companies Ordinance (Cap 32 of the Laws of Hong Kong).
- (h) **“Custodian”** means the agent or agents of the Depository (singly or collectively, as the context requires) and any additional or substitute Custodian appointed pursuant to Section 9.
- (i) **“CVM”** means Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission).
- (j) The terms **“deliver”, “execute”, “issue”, “register”, “surrender”, “transfer” or “cancel”**, when used with respect to Book-Entry HDRs, shall refer to an entry or entries or an electronic transfer or transfers made through CCASS, and, when used with respect to HDRs in physical certificated form, shall refer to the physical delivery, execution, issuance, registration, surrender, transfer or cancellation of certificates representing the HDRs.
- (k) **“Delivery Order”** is defined in Section 3.
- (l) **“Deposited Securities”** as of any time means all Shares at such time deposited under this Deposit Agreement and any and all other Shares, securities, property and cash at such time held by the Depository or the Custodian for the account of the Depository on behalf of the Holders in respect or in lieu of such deposited Shares and other Shares, securities, property and cash.
- (m) **“HDR Register”** is defined in paragraph (3) of the form of HDR.
- (n) **“HDRs”** means the depository receipts executed and delivered hereunder by the Depository as agent for the Company evidencing ownership of the HDSs representing the deposited Shares. HDRs may be either in physical certificated form or Book-Entry HDRs. HDRs in physical certificated form, and the terms and conditions governing the Book-Entry HDRs (as hereinafter defined), shall be substantially in the form of Exhibit A annexed hereto (the **“form of HDR”**). The term **“Book-Entry HDR”** means an HDR deposited in CCASS and traded and settled on a book-entry electronic basis. References to HDRs shall include certificated HDRs and Book-Entry HDRs, unless the context otherwise requires. The form of HDR is hereby incorporated herein and made a part hereof; the provisions of the form of HDR shall be binding upon the parties hereto.
- (o) **“HDSs”** means the Hong Kong Depository Shares representing the interests in the Deposited Securities and evidenced by the HDRs issued hereunder. Subject to paragraph (13) of the form of HDR, each **“HDS”** evidenced by an HDR represents the right to receive one Share and a pro rata share in any other Deposited Securities.
- (p) **“HKSCC”** means Hong Kong Securities Clearing Company Limited.

- (q) **“Holder”** means the person or persons in whose name an HDR is registered as legal owner or owners on the HDR Register.
- (r) **“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China.
- (s) **“Listing Document”** means the listing document to be issued by the Company on or around 29 November 2010 in connection with the listing of its HDRs.
- (t) **“Listing Rules”** means the rules entitled the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”.
- (u) **“Registrar”** means the HDR registrar appointed by the Depositary and the Company pursuant to Section 10 which shall be a member of an association of persons approved under section 12 of the Securities and Futures (Stock Market Listing) Rules.
- (v) **“SFO”** means the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).
- (w) **“Shares”** mean the class A preferred shares of no par value per share in the capital of the Company (excluding the golden shares held by the Brazilian Government), and shall include the rights to receive Shares specified in paragraph (1) of the form of HDR.
- (x) **“Stock Exchange of Hong Kong”** means The Stock Exchange of Hong Kong Limited.
- (y) **“Transfer Office”** is defined in paragraph (3) of the form of HDR. As of the date of this Deposit Agreement, the address of the Transfer Office is: Computershare Hong Kong Investor Services Limited 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (z) **“Withdrawal Order”** is defined in Section 6.

12 In this Deposit Agreement, unless otherwise specified:

1.2.1 references to **“Recitals”, “Sections”, “Clauses”, “paragraphs”, “Exhibits”** and **“Schedules”** are to recitals, sections, clauses, paragraphs and exhibits of and schedules to this Deposit Agreement;

1.2.2 a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

1.2.3 references to a **“company”** shall be construed so as to include any company, corporation or other body corporate, whenever and however incorporated or established;

1.2.4 references to a **“person”** shall be construed so as to include any individual, firm, company, government, state or agency of a state or any joint venture, association or partnership (whether or not having separate legal personality);

1.2.5 references to writing shall include any modes of reproducing words in a legible and non-transitory form;

1.2.6 references to times of the day, unless otherwise specified, are to Hong Kong time;

1.2.7 headings to Clauses, Sections, Exhibits and Schedules are for convenience only and do not affect the interpretation of this Deposit Agreement;

1.2.8 the Exhibits, Schedules and Recitals form part of this Deposit Agreement and shall have the same force and effect as if expressly set out in the body of this Deposit Agreement, and any reference to this Deposit Agreement shall include the Exhibits, Schedules and Recitals; and

1.2.9 words in the singular shall include the plural (and vice versa) and words importing one gender shall include the other two genders.

**2. HDRs.** (a) HDRs in certificated form shall be engraved, printed or otherwise reproduced at the discretion of the Depositary in accordance with its customary practices in its Hong Kong depositary receipt business and in compliance with the requirements of all applicable laws and regulations, including the Listing Rules, or at the request of the Company typewritten and photocopied on plain or safety paper, and shall be substantially in the form set forth in the form of HDR, with such changes as may be required by the Depositary or the Company, in each case after consultation with the other to the extent practicable, to comply with their obligations hereunder, any applicable law, regulation or usage or to indicate any special limitations or restrictions to which any particular HDRs are subject. HDRs issued in either certificated or book-entry form may be issued in denominations of any number of HDSs. HDRs in certificated form shall be executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary. HDRs in certificated form bearing the facsimile signature of anyone who was at the time of execution a duly authorized officer of the Depositary shall bind the Depositary, notwithstanding that such officer has ceased to hold such office prior to the delivery of such HDRs.

(b) **CCASS.** The Company shall make arrangements for the HDRs to be accepted by HKSCC for deposit, clearance and settlement through CCASS. All HDRs held through CCASS will be registered in the name of the nominee of CCASS, namely, HKSCC Nominees Limited. The Depositary undertakes to comply, on behalf of the Company, with the trading and settlement rules set out in Rules 13.58 to 13.62, 13.64 and 13.66 of the Listing Rules as applicable to the HDRs in accordance with Rule 19B.19 of the Listing Rules, subject to the compliance by the Company hereto with the terms hereof and the payment of any and all charges, fees and expenses provided for by this Deposit Agreement.

**3. Deposit of Shares.** In connection with the deposit of Shares hereunder, the Depositary or the Custodian may require the following in form satisfactory to it: (a) a written order directing the Depositary to issue to, or upon the written order of, the person or persons designated in such order a Book-Entry HDR or HDRs evidencing the number of HDSs representing such deposited Shares (a "Delivery Order"); (b) proper endorsements or duly executed instruments of transfer in respect of such deposited Shares; and (c) instruments assigning to the Depositary, the Custodian or a nominee of either any distribution on or in respect of such deposited Shares or indemnity therefor. The Depositary shall keep, or shall procure that the Custodian keeps, a record of all deposits of Shares. As soon as practicable after the Custodian receives the Deposited Securities pursuant to any such deposit or pursuant to paragraph (10) or (13) of the form of HDR, the Custodian shall present such Deposited Securities for registration of transfer into the name of the Depositary, the Custodian or a nominee of either, to the extent such registration is practicable, at the cost and expense of the person making such deposit (or for whose benefit such deposit is made) and shall obtain evidence satisfactory to it of such

registration. Deposited Securities shall be held by the Custodian for the account and to the order of the Depository at such place or places and in such manner as the Depository shall determine. Deposited Securities may be delivered by the Custodian to any person only under the circumstances expressly contemplated in this Deposit Agreement. To the extent that the provisions of or governing the Shares make delivery of certificates therefor impracticable, Shares may be deposited hereunder by such delivery thereof as the Depository or the Custodian may reasonably accept, including, without limitation, by causing them to be credited to an account maintained by the Custodian for such purpose with the Company or an accredited intermediary, such as a bank, acting as a registrar for the Shares, together with delivery of the documents, payments and Delivery Order referred to herein to the Custodian or the Depository. The Depository hereby declares and confirms that it will hold the rights relating to the Deposited Securities and all money and benefits that it may receive in respect of the Deposited Securities for the benefit of the Holders as bare trustee. For the avoidance of doubt, in acting hereunder, the Depository shall have only those duties, obligations and responsibilities expressly specified in this Deposit Agreement and other than holding the Deposited Securities as bare trustee as set out herein, it does not assume any relations of trust for or with the Holder or any other person.

The Depository, the Custodian and the Company shall comply with Brazil's Monetary Council Resolution No. 1,927, dated as of May 18, 1992, in its third article, paragraph three, of the Regulation Annex V, and agree to furnish to the CVM and the Central Bank, at any time and observing the established deadline, information or documents related to the HDRs and this Deposit Agreement, the Deposited Securities and distributions thereon. The Depository and the Custodian are hereby authorized to release such information or documents and any other information as required by local regulation, law or regulatory body request. In the event that the Depository or the Custodian shall be advised in writing by reputable independent Brazilian counsel that the Depository or the Custodian reasonably could be subject to criminal, or material, as reasonably determined by the Depository, civil liabilities as a result of the Company having failed to provide such information or documents related to the HDRs and this Deposit Agreement, the Deposited Securities and distributions thereon, reasonably available only through the Company, the Depository shall have the right to terminate this Deposit Agreement, upon at least 30 days' prior written notice to the Holders and the Company. The effect of any such termination of this Deposit Agreement shall be as provided in paragraph (17) of the form of HDR.

**4. Issue of HDRs.** After any such deposit of Shares, the Custodian shall notify the Depository of such deposit and of the information contained in any related Delivery Order by letter, courier, first class airmail postage prepaid, or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. If, at any time, the Depository deems it necessary or appropriate to comply with relevant securities laws, the Depository shall be entitled to obtain an executed acquirer certificate substantially in the form of Exhibit B hereto (or in such other form as the Depository shall approve) in connection with each such deposit from or on behalf of each person named in the Delivery Order to whom an HDR or HDRs is/are to be registered. After receiving such notice from the Custodian, the Depository, subject to this Deposit Agreement, shall properly issue as agent of the Company at the Transfer Office, to or upon the order of any person named in such notice, an HDR or HDRs registered as requested and evidencing the aggregate HDSs to which such person is entitled.

**5. Distributions on Deposited Securities.** To the extent that the Depository, after consultation with the Company to the extent practicable, determines in its discretion that any distribution pursuant to paragraph (10) of the form of HDR is not practicable with respect to any Holder, the Depository may make such distribution as it so deems practicable, including the distribution of

foreign currency, securities or property (or appropriate documents evidencing the right to receive foreign currency, securities or property) or the retention thereof as Deposited Securities with respect to such Holder's HDRs (without liability for interest thereon or the investment thereof).

**6. Withdrawal of Deposited Securities.** A Holder may from time to time surrender the HDRs for cancellation and request for the Deposited Securities represented by the HDSs to be transferred to the name of the Holder, in each case in accordance with the terms of this Deposit Agreement. In connection with any surrender of an HDR for withdrawal of the Deposited Securities represented by the HDSs evidenced thereby, the Depositary may require proper endorsement in blank of such HDR (or duly executed instruments of transfer thereof in blank) and the Holder's written order directing the Depositary to cause the Deposited Securities represented by the HDSs evidenced by such HDR to be withdrawn and delivered to, or upon the written order of, any person designated in such order (a "Withdrawal Order"). Directions from the Depositary to the Custodian to deliver Deposited Securities shall be given by letter, courier, first class airmail postage prepaid, or, at the request, risk and expense of the Holder, by cable, telex or facsimile transmission. Delivery of Deposited Securities may be made by the delivery of certificates (which, if required by law shall be properly endorsed or accompanied by properly executed instruments of transfer or, if such certificates may be registered, registered in the name of such Holder or as ordered by such Holder in any Withdrawal Order) or by such other means as the Depositary may deem practicable, including, without limitation, by transfer of record ownership thereof to an account designated in the Withdrawal Order maintained either by the Company or an accredited intermediary, such as a bank, acting as a registrar for the Deposited Securities. The Depositary shall keep, or shall procure that the Custodian keeps, a record of all withdrawals of Deposited Securities.

**7. Substitution of HDRs.** The Depositary shall execute and deliver a new certificated HDR or Book-Entry HDR in exchange and substitution for any mutilated certificated HDR upon cancellation thereof or in lieu of and in substitution for such destroyed, lost or stolen certificated HDR, unless the Depositary has notice that such HDR has been acquired by a bona fide purchaser, upon the Holder thereof filing with the Depositary a request for such execution and delivery and a sufficient indemnity bond and satisfying any other reasonable requirements imposed by the Depositary. The Depositary will comply with the lost certificate replacement procedures applicable to shares set out in the relevant subsection(s) of Section 71A of the Companies Ordinance to the extent practicable.

**8. Cancellation and Destruction of HDRs.** All HDRs surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy HDRs in certificated form so cancelled in accordance with its customary practices.

**9. The Custodian.** The Custodian shall be appointed by the Depositary (after consultation with the Company to the extent practicable) to hold the deposited Shares for the account of the Depositary on behalf of the Holders, segregated from all other property of the Custodian. Any Custodian acting hereunder shall be subject to the directions of the Depositary and shall be responsible solely to it. Such Custodian so appointed (other than JPMorgan Chase Bank) shall give written notice to the Company and the Depositary accepting such appointment and agreeing to be bound by the applicable terms hereof. Except to the extent an affiliate of, or an entity recommended by, the Company acts as a Custodian hereunder, the Depositary shall be responsible for the compliance by the Custodian with any applicable provisions of the Deposit Agreement. Without the appropriate Brazilian governmental and regulatory authorities' approvals that may be required under laws, rules or regulations of Brazil, no more than one Custodian shall serve hereunder at any given time.

The Depositary reserves the right to add, replace, discharge or remove a Custodian, after consultation with the Company to the extent practicable, provided always that the Depositary will give sufficient notice of any such action to enable the Company to discharge its prior announcement obligation in accordance with Rule 19B.18 of the Listing Rules.

Any Custodian may resign from its duties hereunder by serving at least 30 days written notice to the Depositary at the address set out in Section 17. Any Custodian ceasing to act hereunder as Custodian shall deliver, upon the instruction of the Depositary, all Deposited Securities held by it to a Custodian continuing to act.

Notwithstanding the foregoing, if the removal of a Custodian is made by the Depositary for the protection of the Holders (including, but not limited to, where (i) the Custodian has committed a material breach under the custodian agreement and the breach cannot reasonably be remedied or (ii) the Custodian has become insolvent, or there are legal restrictions for the appointment of the Custodian and the Depositary or the Company could reasonably be expected to incur a loss or liability if the Custodian is not removed), the Depositary is entitled to remove the Custodian immediately subject to the Company having had an opportunity to discharge its prior announcement obligation in accordance with Rule 19B.18 of the Listing Rules.

The Company agrees and undertakes that upon receipt of any notice of a change of any Custodian, it shall as soon as practicable, notify the Stock Exchange of Hong Kong and make appropriate disclosure in accordance with the Listing Rules, including publishing an announcement of the change of the Custodian.

**10. Registrar and Transfer Agent, Co-Registrars and Co-Transfer Agents.** The Depositary shall appoint and may remove the (i) registrar, who the Depositary shall ensure will satisfy the Registrar requirements under the Listing Rules, to maintain the HDR Register and to register HDSs, HDRs and transfers, combinations and split-ups of HDRs and to countersign HDRs in accordance with the terms of any such appointment and (ii) transfer agent for the purpose of effecting transfers, combinations and split-ups of HDRs at designated transfer offices on behalf of the Depositary. The Depositary may appoint and remove (i) co-registrars to register HDRs, HDSs and transfers, combinations and split-ups of HDRs and to countersign HDRs in accordance with the terms of any such appointment and (ii) co-transfer agents for the purpose of effecting transfers, combinations and split-ups of HDRs at designated transfer offices on behalf of the Depositary. Each registrar, transfer agent, co-registrar or co-transfer agent (other than JPMorgan Chase Bank, N.A.) shall give notice in writing to the Company and the Depositary accepting such appointment and agreeing to be bound by the applicable terms of this Deposit Agreement.

**11. Lists of Holders.** The Company shall have the right to inspect transfer records of the Depositary and its agents and the HDR Register, take copies thereof and require the Depositary and its agents to supply copies of such portions of such records as the Company may request. The Depositary or its agent shall furnish to the Company monthly on or before the 5th day of every month a list of names, addresses and holdings of HDRs by all Holders as of the last business day of the previous month. The Depositary or its agent shall so furnish to the Company promptly upon the written request of the Company, the same list as of a date within five days of the Depositary's receipt of such request.

**12. Depositary's Agents.** The Depositary may perform its obligations under this Deposit Agreement through any agent appointed by it, after consultation with the Company to the extent

practicable in the case of an agent which, on the date hereof, is not acting in an agency capacity for JP Morgan Chase Bank, N.A., provided that the Depository shall notify the Company of such appointment and shall remain responsible for the performance of such obligations as if no agent were appointed. As at the date hereof, the Depository has appointed Computershare Hong Kong Investor Services Limited as an agent.

**13. Successor Depository.** The Depository may at any time resign as Depository hereunder by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depository and its acceptance of such appointment as hereinafter provided. The Depository may at any time be removed by the Company by written notice of such removal to the Depository, such removal to take effect upon the appointment of a successor depository and its acceptance of such appointment as hereinafter provided. Notwithstanding the foregoing, if upon the resignation or removal of the Depository a successor depository is not appointed within the applicable 90-day period as specified in paragraph (17) of the form of HDR, then the Depository may elect to terminate this Deposit Agreement and the HDR and the provisions of said paragraph (17) shall thereafter govern the Depository's obligations hereunder. In case at any time the Depository acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depository, which shall be a bank or trust company having an office in Hong Kong. Every successor depository shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depository, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depository, only upon payment of all sums due to it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than its rights to indemnification and fees owing, each of which shall survive any such removal and/or resignation), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding HDRs. Any such successor depository shall promptly mail notice of its appointment to such Holders. Any bank or trust company into or with which the Depository may be merged or consolidated, or to which the Depository shall transfer substantially all its Hong Kong depository receipt business, shall be the successor of the Depository without the execution or filing of any document or any further act. Any successor depository, including in connection with any merger or consolidation of the Depository, shall be acceptable to the Stock Exchange of Hong Kong in accordance with the Listing Rules and to CVM in accordance with the applicable rules and regulations. The Company agrees and undertakes that upon receipt of any notice of resignation from the Depository or its service of notice on the Depository of the termination of its appointment, it shall as soon as practicable, notify the Stock Exchange of Hong Kong and make appropriate disclosure in accordance with the Listing Rules, including publishing an announcement of the prospective resignation, removal and/or replacement of the Depository.

**14. Reports.** Subject to such waivers and exemptions from compliance with the requirements of the Listing Rules as may be granted by the Stock Exchange of Hong Kong to the Company, if the Company is required to send printed copies of any notices, reports, voting forms or other communications to Holders under the Listing Rules or any other laws or regulations, it shall make available printed copies of such notices, reports, voting forms or other communications to the Depository. After receiving such documents or other communications from the Company, the Depository will (a) forward such documents or other communications to the Holders as soon as reasonably practicable and in any event within any prescribed time limits in accordance with the Listing Rules or other applicable legal or regulatory requirements and (b) make available for inspection at the



principal office of the Depository and the office of the Custodian copies of any such documents or communications received from the Company. The Company has delivered to the Depository a copy of its bylaws and all other documents governing the Shares and any other Deposited Securities issued by the Company and, promptly upon any change thereto, the Company shall deliver to the Depository a copy (in English or with an English translation) of such provisions as so changed. The Depository and its agents may rely upon the Company's delivery thereof for all purposes of this Deposit Agreement.

**15. Additional Shares.** Neither the Company nor any company controlling, controlled by or under common control with the Company shall issue additional Shares, rights to subscribe for Shares, securities convertible into or exchangeable for Shares or rights to subscribe for any such securities or shall deposit any Shares in Hong Kong under this Deposit Agreement, except under circumstances complying in all respects with all the relevant laws and regulations, including, without limitation, the Companies Ordinance, the Listing Rules and the SFO. The Depository will use reasonable efforts to comply with written instructions of the Company not to accept for deposit hereunder any Shares identified in such instructions at such times and under such circumstances as may reasonably be specified in such instructions in order to facilitate the Company's compliance with securities laws in Hong Kong.

**16. Indemnification.** The Company shall indemnify, defend and save harmless each of the Depository and its agents against any loss liability or expense (including reasonable fees and expenses of legal advisers) which may arise out of acts performed or omitted, in connection with the provisions of this Deposit Agreement and of the HDRs, as the same may be amended, modified or supplemented from time to time in accordance herewith (i) by either the Depository or its agents or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of the Depository or (ii) by the Company or any of its directors, employees, agents or affiliates.

The indemnities set forth in the preceding paragraph shall also apply to any liability or expense which may arise out of any misstatement or alleged misstatement or omission or alleged omission in the Listing Document, except to the extent any such liability or expense arises out of (i) information relating to the Depository or its agents (other than the Company), as applicable, furnished in writing by the Depository and not changed or altered by the Company expressly for use in any of the foregoing documents or (ii) if such information is furnished, the failure to state a material fact necessary to make the information furnished not misleading.

Except as provided in the next succeeding paragraph, the Depository shall indemnify, defend and save harmless the Company against any loss, liability or expense (including reasonable fees and expenses of legal advisers) incurred by the Company in respect of this Deposit Agreement to the extent such loss, liability or expense is due to the negligence or bad faith of the Depository.

Notwithstanding any other provision of this Deposit Agreement or the form of HDR to the contrary, neither the Company nor the Depository, nor any of their respective agents, shall be liable to the other for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) (collectively, "**Special Damages**") except (i) to the extent such Special Damages arise from the gross negligence or willful misconduct of the party from whom indemnification is sought or (ii) to the extent Special Damages arise from or out of a claim brought by a third party (including, without limitation, Holders) against the Depository or its agents, except to the extent such Special Damages arise out of the gross negligence or willful misconduct of the party seeking indemnification hereunder.

The obligations set forth in this Section 16 shall survive the termination of this Deposit Agreement and the succession or substitution of any indemnified person.

**17. Notices.** Notice to any Holder shall be deemed given when first mailed, by courier or first class postage prepaid, to the address of such Holder on the HDR Register or received by such Holder. Notice to the Depository or the Company shall be deemed given when first received by it at the address or facsimile transmission number set forth in (a) or (b), respectively, or at such other address or facsimile transmission number as either may specify to the other by written notice:

(a) JPMorgan Chase Bank, N.A.  
8 Connaught Road,  
Chater House, 28/F, Central  
Hong Kong Tel: (852) 280 1851  
Fax: (852) 2167 7178

*with a copy to:*

JPMorgan Chase Bank, N.A.  
One Chase Manhattan Plaza, Floor 58  
New York, New York 10005  
Attention: HDR Administration  
Fax: (212) 552-6650

(b) Vale S.A.  
Avenida Graça Aranha No. 26, Floor 12  
20030.900  
Rio de Janeiro, RJ, Brazil  
Attention: Roberto Castello Branco  
Fax: (55) 21 3814 9935

**18. Miscellaneous.** (a) This Deposit Agreement is for the exclusive benefit of the Company, the Depository, and their respective successors hereunder, and shall not give any legal or equitable right, remedy or claim whatsoever to any other person. The Company and the Depository will execute a deed poll in substantially the form set out in Exhibit C hereto in favour of and in relation to the rights of the HDR Holders. (b) If any provision of this Deposit Agreement is invalid, illegal or unenforceable in any respect, the remaining provisions shall in no way be affected thereby. (c) This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.

**19. Governing law.** This Deposit Agreement shall be governed and construed in accordance with the laws of Hong Kong.

**20. Consent to Jurisdiction.** The parties agree that the courts of Hong Kong shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deposit Agreement (respectively, "**Proceedings**" and "**Disputes**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Hong Kong, provided always that the parties agree and acknowledge that if the Company irrevocably submits to any other jurisdiction, the Depository shall have the right to bring proceedings in any court of competent jurisdiction in that other jurisdiction. Each party irrevocably waives any objection which it

might at any time have to the courts of Hong Kong, or such other court as may be chosen by the Depository, being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of Hong Kong, or such other court as may be chosen by the Depository, are not a convenient or appropriate forum.

The Depository hereby appoints Kenneth Tse of JPMorgan Chase Bank, N.A., 20/F, Chater House, 8 Connaught Road, Central, Hong Kong as its agent to receive on its behalf service of process in the courts of Hong Kong. The Company hereby appoints Yu Leung Fai of 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong as its agent to receive on its behalf service of process in the courts of Hong Kong. If such agent ceases to be an agent of the relevant parties, the relevant party shall promptly appoint and notify the other party of the identity of its new agent in Hong Kong.

**21. Condition.** This Deposit Agreement and the obligations of the parties hereto shall be conditional upon the approval of the listing of the HDSs, evidenced by HDRs, representing the Shares, and the trading in those HDSs commencing on the Stock Exchange of Hong Kong. If this condition is not fulfilled on or before 31 December 2010, this Deposit Agreement shall forthwith terminate and neither of the parties hereto shall have any right against or obligation towards the other.

**IN WITNESS WHEREOF** this Deposit Agreement has been executed on behalf of the parties hereto the day and year first before written.

The Company

**SIGNED by** )  
on behalf of **VALE S.A.** )  
in the presence of: )

AND

**SIGNED by** )  
on behalf of **VALE S.A.** )  
in the presence of: )

The Depositary

**SIGNED** by )  
On behalf of )  
**JPMORGAN CHASE BANK, N.A.** )  
in the presence of: )

EXHIBIT A  
ANNEXED TO AND INCORPORATED IN  
DEPOSIT AGREEMENT

FORM OF FACE OF HDR

No. of HDSs:

Number

Each HDS represents  
One Share

CUSIP:

HONG KONG DEPOSITARY RECEIPT

evidencing

HONG KONG DEPOSITARY SHARES

representing

CLASS A PREFERRED SHARES

of

VALE S.A.

(Incorporated under the laws of Brazil)

**NEITHER THIS HDR, NOR THE HDSs EVIDENCED HEREBY, HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY BE RE-OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.<sup>1</sup>**

JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States of America, as depositary hereunder (the "Depositary"), hereby certifies that \_\_\_\_\_ is the registered owner (a "Holder") of \_\_\_\_\_ Hong Kong Depositary Shares ("HDSs"), each (subject to paragraph (13)) representing one common share (including the rights to receive Shares described in paragraph (1), "Shares" and, together with any other securities, cash or property from time to time held by the Depositary in respect or in lieu of deposited Shares, the "Deposited Securities"), of Vale S.A., a corporation organized under the laws of Brazil (the "Company"), deposited under the Deposit Agreement dated as of [DATE] , (as amended from time to time, the "Deposit Agreement") between the Company and the Depositary. This Hong Kong Depositary Receipt ("HDR") (which includes

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<sup>1</sup> To be included for so long as the Depositary deems it necessary or appropriate to comply with relevant securities laws.

the provisions set forth on the reverse hereof) shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

**(1) Issuance and Pre-Release of HDSs.** This HDR is one of the HDRs issued under the Deposit Agreement. Subject to paragraph (4) and except in the case of a Pre-Release as provided below in this paragraph (1), the Depositary may issue HDRs for delivery at the Transfer Office (as defined in paragraph (3)) only against deposit with the Custodian of (a) Shares in form satisfactory to the Custodian; or (b) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transaction. Every person depositing Shares under the Deposit Agreement represents and warrants that such Shares are validly issued and outstanding, fully paid and non-assessable, and free from all liens and that the pre-emptive rights (if any) with respect to such Shares have been validly waived or exercised, and that the person making such deposit is duly authorized so to do. Subject to the further terms and provisions of this paragraph (1), the Depositary, its affiliates and their agents, on their own behalf, may own and deal in any class of securities of the Company and its affiliates and in HDSs. In its capacity as Depositary, the Depositary shall not lend Shares or HDSs; provided, however, that the Depositary may (i) issue HDSs prior to the receipt of Shares and (ii) deliver Shares prior to the receipt of HDSs for withdrawal of Deposited Securities, including HDSs which were issued under (i) above but for which Shares may not have been received (each such transaction a "Pre-Release"). The Depositary may receive HDSs in lieu of Shares under (i) above (which HDSs will promptly be canceled by the Depositary upon receipt by the Depositary) and receive Shares in lieu of HDSs under (ii) above. Each such Pre-Release will be subject to a written agreement whereby the person or entity (the "Applicant") to whom HDSs or Shares are to be delivered (a) represents that at the time of the Pre-Release the Applicant or its customer owns the Shares or HDSs that are to be delivered by the Applicant under such Pre-Release, (b) agrees to indicate the Depositary as owner of such Shares or HDSs in its records and to hold such Shares or HDSs in trust for the Depositary until such Shares or HDSs are delivered to the Depositary or the Custodian, (c) unconditionally guarantees to deliver to the Depositary or the Custodian, as applicable, such Shares or HDSs, and (d) agrees to any additional restrictions or requirements that the Depositary deems appropriate. Each such Pre-Release will be at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary deems appropriate, terminable by the Depositary on not more than five (5) business days' notice and subject to such further indemnities and credit regulations as the Depositary deems appropriate. The Depositary will normally limit the number of HDSs and Shares involved in such Pre-Release at any one time to twenty percent (20%) of the HDSs outstanding (without giving effect to HDSs outstanding under (i) above), provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may also set limits with respect to the number of HDSs and Shares involved in Pre-Release with any one person on a case-by-case basis as it deems appropriate. The Depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided pursuant to (b) above, but not the earnings thereon, shall be held for the benefit of the Holders (other than the Applicant).

**(2) Withdrawal of Deposited Securities.** A Holder may from time to time surrender the HDRs for cancellation and request for the Deposited Securities represented by the HDSs to be transferred to the name of the Holder, in each case in accordance with the terms of the Deposit Agreement. Subject to paragraphs (4) and (5) and to the provisions of and all applicable laws and regulations governing the Deposited Securities (including applicable Brazilian law), upon surrender of (i) a certificated HDR in form satisfactory to the Depositary at the Transfer Office or (ii) proper instructions and documentation in the case of a Book-Entry HDR, the Holder hereof is entitled to delivery at, or to the extent in dematerialized form from, the Custodian's office of the Deposited Securities at the time

represented by the HDSs evidenced by this HDR, provided that the Depositary may deliver Shares prior to the receipt of HDSs for withdrawal of Deposited Securities, including HDSs which were issued under (1) above but for which Shares may not have been received (until such HDSs are actually deposited, "Pre-released Shares") only if all the conditions in (1) above related to such Pre-Release are satisfied). At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities at such other place as may have been requested by the Holder.

**(3) Transfers of HDRs.** The Depositary or its agent will keep, at a designated transfer office in Hong Kong (the "**Transfer Office**"), (a) a register (the "**HDR Register**") for the registration of HDRs and their Holders and the registration of issue, transfer, combination, split-up and cancellation of HDRs, which at all reasonable times will be open for inspection by Holders and the Company for the purpose of communicating with Holders in the interest of the business of the Company or a matter relating to the Deposit Agreement and (b) facilities for the delivery and receipt of HDRs. Title to this HDR (and to the Deposited Securities represented by the HDSs evidenced hereby), when properly endorsed (in the case of HDRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer, is transferable by delivery with the same effect as in the case of negotiable instruments under the laws of Hong Kong; provided that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this HDR is registered on the HDR Register as the absolute owner hereof for all purposes and neither the Depositary nor the Company will have any obligation or be subject to any liability under the Deposit Agreement to any person holding or in possession of or claiming or alleging ownership or any right to an HDR, unless such person is the Holder thereof. Subject to paragraphs (4) and (5), this HDR is transferable on the HDR Register and may be split into other HDRs or combined with other HDRs into one HDR, evidencing the aggregate number of HDSs surrendered for split-up or combination, by the Holder hereof or by duly authorized attorney upon surrender of this HDR at the Transfer Office properly endorsed (in the case of HDRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer and duly stamped as may be required by applicable law; provided that the Depositary may close the HDR Register at any time or from time to time when deemed expedient by it (after making reasonable effort to consult with the Company to the extent practicable in the case of any closure outside the ordinary course of business) or requested by the Company. All transfers of HDRs shall be effected by transfer in the usual or common form or in such other form as the Depositary may accept provided always that it shall be in such a form prescribed by the Stock Exchange of Hong Kong and may be under hand only, or if the transferor or transferee is a nominee of CCASS, under hand or by machine imprinted signature or by such other means of execution as the Depositary may approve from time to time. At the request of a Holder, the Depositary shall, for the purpose of substituting a certificated HDR with a Book-Entry HDR, or vice versa, execute and deliver a certificated HDR or a Book-Entry HDR, as the case may be, for any authorized number of HDSs requested, evidencing the same aggregate number of HDSs as those evidenced by the certificated HDR or Book-Entry HDR, as the case may be, substituted. Nothing in this certificate or the Deposit Agreement affects the right of the Company under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) to investigate the ownership of the Shares or title to this HDR (and to the Deposited Securities represented by the HDSs evidenced by them).

**(4) Certain Limitations.** Prior to the issue, registration, registration of transfer, split-up or combination of any HDR, the delivery of any distribution in respect thereof, the withdrawal of any Deposited Securities, and from time to time in the case of clause (b)(ii) of this paragraph (4), the Company, the Depositary or the Custodian may require: (a) payment with respect thereto of (i) any stamp duty, stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon



any applicable register and (iii) any applicable charges as provided in paragraph (7) of this HDR; (b) the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and this HDR, as it may deem necessary or proper; and (c) compliance with such regulations as the Depositary may establish consistent with the Deposit Agreement and any regulation which the Company may notify the Depositary in writing and which is deemed desirable by the Depositary, the Company or the Custodian to facilitate compliance with any applicable rules or regulations of Banco Central do Brasil or CVM. The issuance of HDRs, the acceptance of deposits of Shares, the registration, registration of transfer, split-up or combination of HDRs, the withdrawal of Deposited Securities may be suspended, generally or in particular instances, when the HDR Register or any register for Deposited Securities is closed or when any such action is deemed advisable by the Depositary or the Company.

**(5) Taxes.** If any tax or other governmental charge shall become payable by or on behalf of the Custodian or the Depositary with respect to this HDR, any Deposited Securities represented by the HDSs evidenced hereby or any distribution thereon, such tax or other governmental charge shall be paid by the Holder hereof to the Depositary. The Depositary may refuse to effect any registration, registration of transfer, split-up or combination hereof or, subject to the last sentence of paragraph (2), any withdrawal of such Deposited Securities until such payment is made. The Depositary may also deduct from any distributions on or in respect of Deposited Securities, or may sell by public or private sale for the account of the Holder hereof any part or all of such Deposited Securities (after attempting by reasonable means to notify the Holder hereof prior to such sale), and may apply such deduction or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder hereof remaining liable for any deficiency, and shall reduce the number of HDSs evidenced hereby to reflect any such sales of Shares. The Depositary will forward to the Company in a timely manner such information from its records as the Company may reasonably request to enable the Company to file necessary reports with governmental authorities or agencies, and either the Company or the Depositary may file any such reports necessary to obtain benefits under any applicable tax treaties for Holders. In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Depositary or the Custodian. If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may, after consultation with the Company to the extent practicable, dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto. Each Holder of an HDR or an interest therein agrees to indemnify the Depositary, the Company, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

**(6) Disclosure of Interests.** To the extent that the provisions of or any applicable laws and regulations governing any Deposited Securities (including the Company's Securities and Trading Policy and Disclosure Policy in force from time to time or the laws, rules or regulations of any jurisdiction in

which the Shares of the Company are listed from time to time (in whatever form)) may require disclosure of or impose limits on beneficial or other ownership of Deposited Securities, other shares or other securities of the Company and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, Holders (including all beneficial owners of the HDRs) agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions of the Company or the Depositary in respect thereof. For the avoidance of doubt, HKSCC and HKSCC Nominees Limited (or any successor thereto) shall be exempted from any requirement to make any declaration or representations and/or to provide information on the nationality, identity and/or other particulars of the beneficial owners of the HDRs and the Company and the Depositary acknowledge that HKSCC and HKSCC Nominees Limited do not recognize the interest of the CCASS Participants' clients in respect of HDRs deposited into CCASS. The Company reserves the right to instruct Holders to deliver their HDSs for cancellation and withdrawal of the Deposited Securities so as to permit the Company to deal directly with the Holder thereof as a holder of Shares and Holders agree to comply with such instructions. The Depositary agrees to cooperate with the Company in its efforts to inform Holders of the Company's exercise of its rights under this paragraph and agrees to consult with, and provide reasonable assistance without risk, liability or expense on the part of the Depositary, to the Company on the manner or manners in which it may enforce such rights with respect to any Holder.

**(7) Fees and Charges of Depositary.** The Depositary may collect from (i) each person to whom HDSs are issued, including, without limitation, issuances against deposits of Shares, issuances in respect of Share Distributions, Rights and Other Distributions (as such terms are defined in paragraph (10)), issuances pursuant to a stock dividend or stock split declared by the Company, or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the HDSs or the Deposited Securities, and (ii) each person surrendering HDSs for withdrawal of Deposited Securities or whose HDSs are cancelled or reduced for any other reason, HK\$0.40 for each HDS (or portion thereof) issued, delivered, reduced, cancelled or surrendered (as the case may be). For the avoidance of doubt, HKSCC Nominees Limited, as the nominee for CCASS Participants, excluding its participants, shall not be liable to the Depositary for the payment or collection of any fees or charges and, accordingly, any reference in this Section 7 to "Holder" shall, in the case of HKSCC Nominees Limited being a Holder by being the registered owner of HDRs holding as nominee for the benefit of CCASS Participants, mean those CCASS Participants and not HKSCC Nominees Limited. The Depositary may sell (by public or private sale) sufficient securities and property received in respect of Share Distributions, Rights and Other Distributions prior to such deposit to pay such charge. The following additional charges shall be incurred by the Holders, by any party depositing or withdrawing Shares or by any party surrendering HDSs, to whom HDSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the HDSs or the Deposited Securities or a distribution of HDSs pursuant to paragraph (10)), whichever is applicable: (i) a fee of HK\$0.40 or less per HDS for any Cash distribution made pursuant to the Deposit Agreement, (ii) a fee of HK\$2.50 per HDR or HDRs for transfers made pursuant to paragraph (3) hereof, (iii) a fee for the distribution or sale of securities pursuant to paragraph (10) hereof, such fee being in an amount equal to the fee for the execution and delivery of HDSs referred to above which would have been charged as a result of the deposit of such securities (for purposes of this paragraph (7) treating all such securities as if they were Shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the Depositary to Holders entitled thereto, (iv) an aggregate fee of HK\$0.40 per HDS per calendar year (or portion thereof) for services performed by the Depositary in administering the HDRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against Holders as of the record date or record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more

cash dividends or other cash distributions), and (v) such fees and expenses as are incurred by the Depositary and/or any of its agents (including without limitation expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the Shares or other Deposited Securities (including, without limitation, Deposited Securities), the delivery of Deposited Securities or otherwise in connection with the Depositary's or its Custodian's compliance with applicable law, rule or regulation. The Company will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between the Company and the Depositary, except (i) stamp duty, stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares), (ii) cable, telex and facsimile transmission and delivery charges incurred at the request of persons depositing, or Holders delivering Shares, HDRs or Deposited Securities (which are payable by such persons or Holders), (iii) transfer or registration fees for the registration or transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees in respect of the Shares as of the date of the Deposit Agreement), (iv) expenses of the Depositary in connection with the conversion of foreign currency into Hong Kong dollars (which are paid out of such foreign currency), and (v) any other charge payable by any of the Depositary, any of the Depositary's agents, including, without limitation, the Custodian, or the agents of the Depositary's agents in connection with the servicing of the Shares or other Deposited Securities (which charge shall be assessed against Holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions). Such charges may at any time and from time to time be changed by agreement between the Company and the Depositary.

**(8) Available Information.** Any written communications from the Company, which are both received by the Custodian or its nominee as a holder of Deposited Securities and made generally available to the holders of Deposited Securities, are available on the Company's website. The Deposit Agreement, the provisions of or governing Deposited Securities and any written communications from the Company, if issued in printed form, are available for inspection by Holders at the offices of the Company and at the Transfer Office. The Depositary will distribute copies of any such written communications to Holders when furnished by the Company. The Depositary does not assume any liability to any communication made by the Company to Holders.

**(9) Execution.** This HDR shall not be valid for any purpose unless executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary.

Dated:

JPMORGAN CHASE BANK, N.A., as Depositary

By \_\_\_\_\_  
Authorized Officer

The Depositary's office is located at One Chase Manhattan Plaza, New York, New York 10005.

[FORM OF REVERSE OF HDR]

**(10) Distributions on Deposited Securities.** Subject to paragraphs (4) and (5), to the extent practicable, the Depositary will, after consultation with the Company to the extent practicable, distribute to each Holder entitled thereto on the record date set by the Depositary therefor at such Holder's address shown on the HDR Register, in proportion to the number of Deposited Securities (on which the following distributions on Deposited Securities are received by the Custodian) represented by HDSs evidenced by such Holder's HDRs: **(a) Cash.** Any Hong Kong dollars available to the Depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in this paragraph (10) ("Cash"), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain Holders, and (iii) deduction of the Depositary's expenses in (1) converting any foreign currency to Hong Kong dollars at such prevailing exchange rate as may be available at the time of conversion by sale or in such other manner as the Depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or Hong Kong dollars to Hong Kong by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If the Company shall have advised the Depositary pursuant to the provisions of the Deposit Agreement that any such conversion, transfer or distribution can be effected only with the approval or license of the Brazilian Government or any agency thereof or the Depositary shall become aware of any other governmental approval or license required therefor, the Depositary may, in its discretion, apply for such approval or license as the Company or its Brazilian counsel may reasonably advise in writing or as the Depositary may deem desirable, including, without limitation, registration with Banco Central do Brasil. **(b) Shares.** (i) Additional HDRs evidencing whole HDSs representing any Shares available to the Depositary resulting from a dividend or free distribution on Deposited Securities consisting of Shares (a "Share Distribution") and (ii) Hong Kong dollars available to it resulting from the net proceeds of sales of Shares received in a Share Distribution, which Shares would give rise to fractional HDSs if additional HDRs were issued therefor, as in the case of Cash. **(c) Rights.** (i) Warrants or other instruments in the discretion of the Depositary representing rights to acquire additional HDRs in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities ("Rights"), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or (ii) to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any Hong Kong dollars available to the Depositary from the net proceeds of sales of Rights as in the case of Cash, or (iii) to the extent the Company does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the non-transferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may lapse). **(d) Other Distributions.** (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights ("Other Distributions"), by any means that the Depositary may deem equitable and practicable, or (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, any Hong Kong dollars available to the Depositary from the net proceeds of sales of Other Distributions as in the case of Cash. The Depositary reserves the right to utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities hereunder. Such division, branch or affiliate may charge the Depositary a fee in connection with such sales, which fee is

considered an expense of the Depositary as contemplated above and/or under paragraph (7) hereof. Neither the Depositary nor any of its agents shall have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act, nor shall it or any of its agents be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained. Such Hong Kong dollars available will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the Depositary in accordance with its then current practices.

**(11) Record Dates.** The Depositary may, after consultation with the Company if practicable, fix a record date (which, to the extent applicable, shall be as near as practicable to any corresponding record date set by the Company) for the determination of the Holders who shall be responsible for the fee assessed by the Depositary for administration of the HDR program and for any expenses provided for in paragraph (7) hereof as well as for the determination of the Holders who shall be entitled to receive any distribution on or in respect of Deposited Securities, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such Holders shall be so entitled or obligated.

**(12) Voting of Deposited Securities.** As soon as practicable after receipt from the Company of notice of any meeting or solicitation of interests or intention to vote at any meeting or proxies of holders of Shares or other Deposited Securities, which notice must be sent by the Company to allow for adequate time for the Depositary to distribute such notice as described herein, the Depositary shall distribute to Holders a notice stating (a) such information as is contained in such notice and any solicitation materials, (b) that each Holder on the record date set by the Depositary therefor will, subject to any applicable provisions of Brazilian, Hong Kong and other applicable law and the Company's estatuto social, be entitled to appoint the Depositary or other persons as its proxy and instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by the HDSs evidenced by such Holder's HDRs and (c) the manner in which such instructions may be given. Upon receipt of instructions of a Holder on such record date in the manner and on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable and permitted under the provisions of or governing Deposited Securities to vote or cause to be voted the Deposited Securities represented by the HDSs evidenced by such Holder's HDRs in accordance with such instructions. The Depositary will not itself exercise any voting discretion in respect of any Deposited Securities. The Depositary shall have no liability hereunder if the obligations above are not complied with. To the extent permitted by the Company, Holders may attend any meeting of holders of Shares or other Deposited Securities but may not vote in person at such meeting.

**(13) Changes Affecting Deposited Securities.** Subject to paragraphs (4) and (5), the Depositary may, in its discretion, amend this HDR or distribute additional or amended HDRs (with or without calling this HDR for exchange) or cash, securities or property on the record date set by the Depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of Deposited Securities, any Share Distribution or Other Distribution not distributed to Holders or any cash, securities or property available to the Depositary in respect of Deposited Securities from (and the Depositary is hereby authorized to surrender any Deposited Securities to any person and, irrespective of whether such Deposited Securities are surrendered or otherwise cancelled by operation of law, rule, regulation or otherwise, to sell by public or private sale any property received in connection with) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the Company, and to the extent the Depositary does not so amend this HDR or make a distribution to Holders to reflect any of the foregoing, or the net proceeds

thereof, whatever cash, securities or property results from any of the foregoing shall constitute Deposited Securities and each HDS evidenced by this HDR shall automatically represent its pro rata interest in the Deposited Securities as then constituted.

**(14) Exoneration.** The Depository, the Company, their agents and each of them shall: (a) incur no liability (i) if any present or future law, rule, regulation, fiat, order or decree of the United States, Brazil, Hong Kong or any other country, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system or the Company's estatuto social, the provisions of or governing any Deposited Securities, any present or future provision of the Company's by-laws, any act of God, war, terrorism or other circumstance beyond its control shall prevent, delay or subject to any civil or criminal penalty any act which the Deposit Agreement or this HDR provides shall be done or performed by it or them (including, without limitation, voting pursuant to paragraph (12) hereof), or (ii) by reason of any exercise or failure to exercise any discretion given it in the Deposit Agreement or this HDR; (b) assume no liability except to perform its obligations to the extent they are specifically set forth in this HDR and the Deposit Agreement without negligence or bad faith; (c) in the case of the Depository and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this HDR; (d) in the case of the Company and its agents hereunder be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this HDR, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; or (e) not be liable for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, or any other person believed by it to be competent to give such advice or information.

The Depository shall not be liable for the acts or omissions made by any securities depository, clearing agency or settlement system in connection with or arising out of book- entry settlement of Deposited Securities or otherwise. The Depository shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A. The Depository, its agents and the Company may rely and shall be protected in acting upon any written notice, request, direction or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Depository and its agents will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, for the manner in which any such vote is cast or for the effect of any such vote. The Depository and its agents may own and deal in any class of securities of the Company and its affiliates and in HDRs. Notwithstanding anything to the contrary set forth in the Deposit Agreement or an HDR, the Company, the Depository and their respective agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any Holder or Holders, any HDR or HDRs or otherwise related hereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. None of the Depository, the Custodian or the Company shall be liable for the failure by any Holder or beneficial owner to obtain the benefits of credits on the basis of non-U.S. tax paid against such Holder's or beneficial owner's income tax liability. The Depository and the Company shall not incur any liability for any tax consequences that may be incurred by Holders and beneficial owners on account of their ownership of the HDRs or HDSs. The Company has agreed to indemnify the Depository and its agents under certain circumstances and the Depository has agreed to indemnify the Company under certain circumstances. Neither the Depository nor any of its respective agents shall be liable to Holders or

beneficial owners of interests in HDRs for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought. No disclaimer of liability under the Securities Act of 1933 is intended by any provision hereof.

**(15) Resignation and Removal of Depositary; the Custodian.** The Depositary may resign as Depositary by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by prior written notice of such removal, to become effective upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may appoint substitute or additional Custodians, after consultation with the Company to the extent practicable, and the term “**Custodian**” refers to each Custodian or all Custodians as the context requires. The Company agrees and undertakes that upon receipt of any notice of resignation from the Depositary or its service of notice on the Depositary of the termination of its appointment, it shall as soon as practicable, notify the Stock Exchange of Hong Kong and make appropriate disclosure in accordance with the Listing Rules, including publishing an announcement of the prospective resignation, removal and/or replacement of the Depositary.

**(16) Amendment.** The HDRs and the Deposit Agreement may be amended by the Company and the Depositary only in accordance with this clause.

(i) Any amendment that imposes or increases any fees or charges payable under a single head of fee/charge mentioned in clause 7 above in respect of one HDR (other than any imposition or increase in fees or charges in the nature of stamp duty, stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), which shall become effective in accordance with clause 16(iii) below (“**Relevant Fees or Charges**”) by 25% or HK\$1.00 (whichever is the lesser increase) or less from the Relevant Fees or Charges in effect at the time of such proposed amendment shall become effective 30 days after notice of such amendment shall have been given to the Holders and every Holder of an HDR at the time any such amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such HDR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby.

(ii) In respect of any amendment that either increases any Relevant Fees or Charges payable under a single head of fee/charge mentioned in clause 7 above in respect of one HDR by more than 25% or HK\$1.00 (whichever is the lesser increase) from the Relevant Fees or Charges in effect at the time of such proposed amendment, or any amendment to the Deposit Agreement (including any amendment that relate to any matter set out in Rule 19B.16(a) to (t) of the Listing Rules) that, at the direction of the Company in its sole opinion and absolute discretion (which shall be exercised with reasonable care), will prejudice any substantial rights of the Holders, the Depositary shall provide Holders with a notice (“**Amendment Notice**”) of the amendments and such Amendment Notice shall set out the period (which shall not be less than 21 days nor exceed 60 days from the date of the Amendment Notice) during which Holders shall be entitled to vote for or against such amendments, the record date for determining entitlement to vote, all necessary details regarding the procedures by which Holders may cast their votes, and the method and date on or by which the results of the votes will be notified to the Holders, and any Holder who does not vote (for whatever reason) in accordance with the terms and procedures set out in the Amendment Notice shall be taken to have abstained from voting. A proposal for any such amendment shall be approved by a majority of votes cast in favour, and votes must be cast in respect of HDRs held by at least three Holders or, if there are fewer than three Holders,



by all Holders who cast their vote. For the avoidance of doubt, the Company shall have the sole and absolute discretion (which shall be exercised with reasonable care) to determine if any amendment will prejudice the substantial rights of the Holders. Any amendments or supplements which both (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for the HDSs or Shares to be traded solely in electronic book-entry form and also (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders. The Amendment Notice and other materials related to voting for each proposed amendment under this clause 16(ii) will be published on the website of the Stock Exchange of Hong Kong.

(iii) Subject, for the avoidance of doubt, to clause 16(ii) above in respect of amendments mentioned therein, any other amendments may be made by agreement between the Company and the Depositary and shall become effective in accordance with the terms of such agreement. Further, and without limiting the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement or the form of HDR to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the HDR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance. In no event shall any amendment impair the right of the Holder of any HDR to surrender such HDR and receive the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

**(17) Termination.** The Depositary may, and shall at the written direction of the Company, terminate the Deposit Agreement and this HDR by mailing notice of such termination to the Holders at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the Depositary shall have (i) resigned as Depositary hereunder, notice of such termination by the Depositary shall not be provided to Holders unless a successor depositary shall not be operating hereunder within 90 days of the date of such resignation, and (ii) been removed as Depositary hereunder, notice of such termination by the Depositary shall not be provided to Holders unless a successor depositary shall not be operating hereunder on the 90<sup>th</sup> day after the Company's notice of removal was first provided to the Depositary. After the date so fixed for termination, the Depositary and its agents will perform no further acts under the Deposit Agreement and this HDR, except to receive and hold (or sell) distributions on Deposited Securities and deliver Deposited Securities being withdrawn. As soon as practicable after the expiration of six months from the date so fixed for termination, the Depositary shall sell the Deposited Securities and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the Holders of HDRs not theretofore surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Deposit Agreement and this HDR, except to account for such net proceeds and other cash. After the date so fixed for termination, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary and its agents.

**(18) Appointment.** The Company hereby appoints the Depositary as depositary for the Deposited Securities and hereby authorizes and directs the Depositary to act on behalf of the Company in accordance with the terms set forth in the Deposit Agreement. Each Holder and each person holding an interest in HDSs, upon acceptance of any HDSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement shall be deemed for all purposes to (a) be bound by the terms of the Deposit Agreement and the applicable HDR(s), and (b) appoint the Depositary its attorney-

in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the Deposit Agreement and the applicable HDR(s), to adopt any and all procedures necessary to comply with applicable law and to take such action as the Depository in its sole discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable HDR(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

EXHIBIT B

FORM OF ACQUIRER CERTIFICATE

[Certification of acquirers of HDRs or beneficial interests in HDRs upon deposit of Shares]

[DATE]

JPMorgan Chase Bank, N.A., as Depositary  
One Chase Manhattan Plaza, Floor 58  
New York, New York 10005

Re: [NAME OF ISSUER]

Dear Sirs:

Reference is hereby made to the Deposit Agreement, dated as of November , 2010 (the "Deposit Agreement"), between [NAME OF ISSUER] (the "Company") and JPMorgan Chase Bank, N.A., as Depositary.

Capitalized terms used but not defined herein shall have the meanings given them in the Deposit Agreement. References to the Deposit Agreement include the certification and other procedures established by the Depositary pursuant to such agreement.

This certification and agreement is furnished in connection with the deposit of Shares and issuance of HDSs to be evidenced by one or more HDRs pursuant to Section 3 and Section 4, respectively, of the Deposit Agreement.

We acknowledge (or if we are a broker-dealer, our customer has confirmed to us that it acknowledges) that by depositing the Shares, the HDRs and the HDSs evidenced thereby to be issued upon such deposit have not been registered under the U.S. Securities Act of 1933, as amended (the "Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may be re-offered, resold, pledged or otherwise transferred only in compliance with the Act and applicable laws of the states, territories and possessions of the United States governing the offer and sale of securities.

We certify that either:

A. We are, or at the time the Shares are deposited and at the time the HDRs are issued will be, the beneficial owner of the Shares and of the HDSs evidenced by such HDR or HDRs, and (i) we are not a U.S. person (as defined in Regulation S under the Act ("Regulation S")) and we are located outside the United States (within the meaning of Regulation S) and acquired, or have agreed to acquire and will have acquired, the Shares to be deposited, and the HDSs to be issued upon such deposit and evidenced by such HDR or HDRs, outside the United States (within the meaning of Regulation S), and (ii) we are not an affiliate (as such term is defined in Regulation C under the Act) of the Company or a person acting on behalf of such an affiliate (as such term is defined in Regulation C under the Act).

OR

B. We are a broker-dealer acting on behalf of our customer; our customer has confirmed to us that it is, or at the time the Shares are deposited and at the time the HDRs are issued will be, the

beneficial owner of the Shares and of the HDSs evidenced by such HDR or HDRs, and (i) it is not a U.S. person (as defined in Regulation S) and it is located outside the United States (within the meaning of Regulation S) and acquired, or has agreed to acquire and will have acquired, the Shares to be deposited, and the HDSs to be issued upon such deposit and evidenced by such HDR or HDRs, outside the United States (within the meaning of Regulation S), and (ii) it is not an affiliate (as such term is defined in Regulation C under the Act) of the Company or a person acting on behalf of such an affiliate (as such term is defined in Regulation C under the Act).

Very truly yours,

[Name of Certifying Entity]

[By: \_\_\_\_\_

Name:

Title:

]

EXHIBIT C  
FORM OF DEED POLL  
DEED POLL

THIS DEED POLL is made in favour of Holders of Depositary Shares on [DATE], by (i) Vale S.A., a sociedade por ações incorporated in Brazil whose registered address is at Avenida Graca Aranha No. 26, 20030-900 Rio de Janeiro, RJ, Brazil and its successors (the “Company”) and (ii) JPMorgan Chase Bank, N.A. (the “Depositary”).

WHEREAS:

(A) The Company has entered into a deposit agreement dated [DATE], with the Depositary relating to Shares of the Company in respect of which Depositary Shares have been issued (such agreement, as amended or supplemented, being hereinafter referred to as the “Deposit Agreement”).

(B) The Company intends to allow Holders to enforce certain specified obligations of the Company under the Deposit Agreement as if they were originally parties to the Deposit Agreement.

**NOW THIS DEED WITNESSETH AS FOLLOWS and is made by way of deed poll:**

1. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the Deposit Agreement.
2. The Company agrees that, if the Company is in breach of any obligation towards the Holders imposed upon it by the provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it was a party to the Deposit Agreement and in the capacity of the “Depositary” named therein in respect of the number of Deposited Securities to which the Depositary Shares held by the Holder relate. The Company further undertakes to indemnify the Holder for any direct loss arising from or incurred in connection with or otherwise relating to the breach by the Company of any such provisions.
3. The Company and the Depositary further agree, for the avoidance of doubt, that each Holder shall be able to enforce against the Company and the Depositary the rights to which it is entitled to under the Deposit Agreement and the HDRs pursuant to and in the terms set out in Section 18 of the HDRs.
4. This Deed Poll shall enure for the benefit of the Holders and their successors or assigns of Depositary Shares and shall be deposited with and held by the Depositary.
5. This Deed Poll shall be governed by, and shall be construed in accordance with, the laws of Hong Kong.
6. The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed Poll, and accordingly, any legal action or proceedings arising out of or in connection with this Deed Poll (“Proceedings”) may be brought in such courts. The Company irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Holders and shall not limit the

right of the Holders to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

7. The Company irrevocably appoints Yu Leung Fai of 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong, as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong. If for any reason the Company does not have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Yours faithfully,

For and on behalf of  
Vale S.A.

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Name:  
Title:

For and on behalf of  
JPMorgan Chase Bank, N.A.

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Name:  
Title:

**E. DEEDS POLL**

**E1. COMMON HDSs**

**DEED POLL**

THIS DEED POLL is made in favour of Holders of HDRs on 30 November 2010, by (i) Vale S.A., a sociedade por ações incorporated in Brazil whose registered address is at Avenida Graça Aranha No. 26, 20030-900 Rio de Janeiro, RJ, Brazil and its successors (the “**Company**”) and (ii) JPMorgan Chase Bank, N.A. (the “**Depository**”).

WHEREAS:

(A) The Company has entered into a deposit agreement dated 24 November 2010 with the Depository relating to HDRs evidencing the HDSs representing the common shares of no par value per share in the capital of the Company deposited thereunder (such agreement, as amended or supplemented, being hereinafter referred to as the “**Deposit Agreement**”).

(B) The Company intends to allow Holders to enforce certain specified obligations of the Company under the Deposit Agreement as if they were originally parties to the Deposit Agreement.

**NOW THIS DEED WITNESSETH AS FOLLOWS** and is made by way of deed poll:

1. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the Deposit Agreement.
2. The Company agrees that, if the Company is in breach of any obligation towards the Holders imposed upon it by the provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it was a party to the Deposit Agreement and in the capacity of the “**Depository**” named therein in respect of the number of Deposited Securities represented by the HDSs to which the HDRs held by the Holder relate. The Company further undertakes to indemnify the Holder for any direct loss arising from or incurred in connection with or otherwise relating to the breach by the Company of any such provisions.
3. The Company and the Depository further agree, for the avoidance of doubt, that each Holder shall be able to enforce against the Company and the Depository the rights to which it is entitled to under the Deposit Agreement and the HDRs pursuant to and in the terms set out in Section 18 of the HDRs.
4. This Deed Poll shall enure for the benefit of the Holders and their successors or assigns of Depository Shares and shall be deposited with and held by the Depository.
5. This Deed Poll shall be governed by, and shall be construed in accordance with, the laws of Hong Kong.
6. The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed Poll, and accordingly, any legal action or proceedings arising out of or in connection with this Deed Poll (“**Proceedings**”) may be brought in such courts. The Company irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Holders and shall not limit the



right of the Holders to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

7. The Company irrevocably appoints Yu Leung Fai of 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong. If for any reason the Company does not have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

8. This Deed Poll and the obligations of the parties hereto shall be conditional upon the Deposit Agreement becoming unconditional in accordance with its terms on or before 31 December 2010. If this condition is not fulfilled, this Deed Poll shall forthwith terminate and neither the Company nor the Depositary shall have any right against or obligation towards the other party or any of the Holders.

Yours faithfully,

For and on behalf of

**Vale S.A.**

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Name:

Title:

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Name:

Title:

For and on behalf of

**JPMorgan Chase Bank, N.A.**

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Name:

Title:

**E. DEEDS POLL**

**E2. CLASS A PREFERRED HDSs**

**DEED POLL**

THIS DEED POLL is made in favour of Holders of HDRs on 30 November 2010, by (i) Vale S.A., a sociedade por ações incorporated in Brazil whose registered address is at Avenida Graça Aranha No. 26, 20030-900 Rio de Janeiro, RJ, Brazil and its successors (the “**Company**”) and (ii) JPMorgan Chase Bank, N.A. (the “**Depository**”).

WHEREAS:

(A) The Company has entered into a deposit agreement dated 24 November 2010 with the Depository relating to HDRs evidencing the HDSs representing the class A preferred shares of no par value per share in the capital of the Company (excluding the golden shares held by the Brazilian Government) deposited thereunder (such agreement, as amended or supplemented, being hereinafter referred to as the “**Deposit Agreement**”).

(B) The Company intends to allow Holders to enforce certain specified obligations of the Company under the Deposit Agreement as if they were originally parties to the Deposit Agreement.

**NOW THIS DEED WITNESSETH AS FOLLOWS** and is made by way of deed poll:

1. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the Deposit Agreement.
2. The Company agrees that, if the Company is in breach of any obligation towards the Holders imposed upon it by the provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it was a party to the Deposit Agreement and in the capacity of the “**Depository**” named therein in respect of the number of Deposited Securities represented by the HDSs to which the HDRs held by the Holder relate. The Company further undertakes to indemnify the Holder for any direct loss arising from or incurred in connection with or otherwise relating to the breach by the Company of any such provisions.
3. The Company and the Depository further agree, for the avoidance of doubt, that each Holder shall be able to enforce against the Company and the Depository the rights to which it is entitled to under the Deposit Agreement and the HDRs pursuant to and in the terms set out in Section 18 of the HDRs.
4. This Deed Poll shall enure for the benefit of the Holders and their successors or assigns of Depository Shares and shall be deposited with and held by the Depository.
5. This Deed Poll shall be governed by, and shall be construed in accordance with, the laws of Hong Kong.
6. The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed Poll, and accordingly, any legal action or proceedings arising out of or in connection with this Deed Poll (“**Proceedings**”) may be brought in such courts. The Company irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an

inconvenient forum. These submissions are made for the benefit of the Holders and shall not limit the right of the Holders to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

7. The Company irrevocably appoints Yu Leung Fai of 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong. If for any reason the Company does not have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

8. This Deed Poll and the obligations of the parties hereto shall be conditional upon the Deposit Agreement becoming unconditional in accordance with its terms on or before 31 December 2010. If this condition is not fulfilled, this Deed Poll shall forthwith terminate and neither the Company nor the Depositary shall have any right against or obligation towards the other party or any of the Holders.

Yours faithfully,

For and on behalf of

**Vale S.A.**

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Name:

Title:

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Name:

Title:

For and on behalf of

**JPMorgan Chase Bank, N.A.**

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Name:

Title: